Final Edition

ESTABLISHED OVER 100 YEARS

In 2 Sections—Section 1

Bus. ADM LIBRARY

OCT 19 1944

The Commercial and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 160 Number 4326

New York, N. Y., Thursday, October 19, 1944

Price 60 Cents a Copy

Selecman Named Secretary of ABA

Merle E. Selecman

Merle E. Selecman, deputy manager of the American Bankers Association, has been named Secretary of the Association, and will continue as deputy manager in charge of the Trust Division and as Director of Public Relations, Harold Stonier, Executive Manager, announced.

Mr. Selecman has been with the Association for about 17 years. During that time he has held various positions, serving as Assistant Secretary of the Savings Division and the Trust Division and as Assistant Director of Publicity. In 1933 he was largely responsible for the organization of the Association's Advertising Department and has been its director since that time.

Before joining the Association, Mr. Selecman was in newspaper work, journalism, and teaching in the Midwest. A native of Maryville, Mo., he attended the Northwest Missouri State College, the University of Missouri, and took his master's degree at Northwestern University in Chicago.

Index of Regular Features on page 1712.

Connecticut Securities Section on page 1690; Michigan on page 1690; Missouri on page 1691.

Post-War Interest Rates

By DR. MELCHIOR PALYI

Chicago Economist Analyzes The Government's Cheap Money Policy And Points To The Need Of Following The Same Policy After The War In Order To Maintain Bond Prices. Sees Continuation Of Deficit Financing So As To Maintain Full Employment And Concludes That In The Kind Of Economic System We Are Establishing For A While, Credit Risks Affecting Bond Values May Virtually Vanish.

Dr. Melchior Palyi

During the war, interest rates have been stabilized in this country as in most other belligerent countries at an extraordinarily low level. In all history, governments were borrowing during wars at rates higher than prevailing previously (unless they borrowed abroad), if not at rising rates, a fact which indicates the unusual and artificial character of the present control of money markets.

Will and can this control continue after the war? Will, in other words, the same factors be in operation as at present, tending to perpetuate the Cheap Money system? If so, will the monetary management have the same powers after as during the war, and will it be able to get the same results?

The fiscal interest in low rates will remain the same as before, and even more so. At present rates, a national debt of $300 billions will mean an annual interest burden of $5.5 to $6 billions. Any attempt to balance the budget will

(Continued on page 1689)

Economic Aspects Of Profit Control

By DR. IVAN WRIGHT

Professor of Economics, Brooklyn College

Economist Calls Attention To Recent Trend From Price To Profit Controls And Points Out Its Damaging Effects On Post-War Economy. Holds A Profit Control Policy Would Necessarily Bring About A Large Scale Concentration Of Production In The Hands Of Big Business And By Forcing Mass Production Would Eliminate Many Small Scale Businesses Besides Discouraging Initiative And Investment.

Dr. Ivan Wright

Profits are the motivating force that cause men to invent, invest, strive and take chances. These are the efforts that make for progress. Profits are therefore the force that stimulates us to progress.

The amazing losses in business undertakings are unbelievable when the facts are examined All ventures are not successful. A great majority of new ventures fail. Old industries mature, decline and die. The savings of a whole generation are lost in periods of business depression.

In the United States a so-called *"new era"* of prosperity ended in 1929. This period of financial inflation fed upon the largest expansion of bank credit ever known up to that time. The increase in bank credit during this *new era* exceeded by 200% the

(Continued on page 1696)

Price Control Objectives During Reconversion

By CHESTER BOWLES*

Administrator, Office of Price Administration

Price Administrator Asserts Price Uncertainties In Reconversion Period Is One Of Our Most Dangerous Problems And The Policies We Adopt And Way In Which We Carry Out These Policies Will Influence The Stability Of Our Society For A Generation Ahead. Urges Prevention Of Both Inflation And Deflation And Warns Against Inventory Speculation And Yielding To Pressure Groups. Maps Three Consecutive Periods Following V-E Day During Which Controls Should Be Maintained And Predicts Failure To Handle Properly The First And Second Period Will Bring About Collapse In Third.

Chester Bowles

In the critical year which lies ahead of us, we face some of the most staggering economic problems on the home front that we as a nation have ever had to meet. The decisions we make, the policies we adopt and the way in which we carry out those policies will influence the stability of our society for a generation ahead.

Thus far, I think we've done a good worktime job. In fact, in spite of many inevitable mistakes this war is likely to be remembered as the best organized and most vigorously prosecuted war in American history.

---

*An address made by Mr. Bowles before the Commerce and Industry Association in New York, Oct. 16, 1944.

(Continued on page 1702)

Interstate
Aircraft & Eng. Co.
—
Hirsch, Lilienthal & Co.
Members New York Stock Exchange and other Exchanges
London - Geneva Rep.
25 Broad St., New York 4, N. Y.
HAnover 2-0600 Teletype NY 1-210
Chicago Cleveland

Buy War Bonds for
VICTORY
R. H. Johnson & Co.
Established 1927
INVESTMENT SECURITIES
64 Wall Street, New York 5
BOSTON PHILADELPHIA
Troy Albany Buffalo Syracuse
Pittsburgh Williamsport Dallas

MANHATTAN BOND FUND INC.
PROSPECTUS ON REQUEST
Wholesale Distributors
HUGH W. LONG and COMPANY
INCORPORATED
48 WALL ST. NEW YORK 5
634 SO. SPRING ST. LOS ANGELES 14

Bond Brokerage Service
for Banks, Brokers and Dealers
HARDY & Co.
Members New York Stock Exchange
Members New York Curb Exchange
30 Broad St. New York 4
Tel. DIgby 4-7800 Tele. NY 1-733

State and Municipal Bonds
Bond Department
THE CHASE NATIONAL BANK
OF THE CITY OF NEW YORK

BOND BROKERS
BULL, HOLDEN & Co
MEMBERS NEW YORK STOCK EXCHANGE
14 WALL ST., NEW YORK 5, N. Y.
TELEPHONE—RECTOR 2-6300

Actual Trading Markets, always
ELECTRONICS
RAILS
INDUSTRIALS
Kobbé, Gearhart & Co.
INCORPORATED
Members N. Y. Security Dealers Ass'n
45 Nassau Street New York 5
Tel. REctor 2-3600 Teletype N. Y. 1-576
Philadelphia Telephone: Enterprise 6015

Philip Carey Manufacturing Co.
International Detrola Corp.
U. S. Truck Lines
Reynolds & Co.
Members New York Stock Exchange
120 Broadway, New York 5, N. Y.
Telephone: REctor 2-7400
Bell Teletype NY 1-635

AMERICAN MADE MARKETS IN CANADIAN SECURITIES
HART SMITH & CO.
Members New York Security Dealers Assn.
52 WILLIAM ST., N. Y. 5 HAnover 2-0980
Bell Teletype NY 1-395
New York Montreal Toronto

Public Utility Preferreds
AND
Commons
IRA HAUPT & CO.
Members of Principal Exchanges
111 Broadway, N. Y. 6
REctor 2-3100 Teletype NY 1-1920

Trading Markets in:
R. B. Semler, Inc.
Triumph Explosives
U. S. Sugar Co., Com.
Amer. Furniture Co. Com.
KING & KING
Established 1920
Members New York Security Dealers Ass'n
40 Exchange Pl., N.Y. 5 HA 2-2772
BELL TELETYPE NY 1-423

American Bemberg, Com.
Elk Horn Coal, Com. & Pfd.
Grinnell Corp.
Kearney & Trecker
Kendall Company
Melville Shoe, Pfd.
Peerless Weighing & Vending
Common & Preferred
Mitchell & Company
Members Baltimore Stock Exchange
120 Broadway, N. Y. 5
WOrth 2-4230
Bell Teletype N. Y. 1-1227

*International Power Securities
6½s and 7s
Savoy Plaza
3/6s, 1956
* Traded on N. Y. Curb Exchange
Vanderhoef & Robinson
Members New York Curb Exchange
31 Nassau Street New York 5
Telephone COrtlandt 7-4070
Bell System Teletype NY 1-1548

Byrndun Corp.
Common
Indiana Limestone
Income 6s, 1952
St. Louis-San Francisco
6s, 1936
Struthers Wells
Common & Preferred
H. G. BRUNS & CO.
20 Pine Street, New York 5
Telephone: WHitehall 3-1223
Bell Teletype NY 1-1843

Aetna Standard Engineering
Central States Electric
Preferreds
Indiana Gas & Chemical
Common & Preferred
Marion Steam Shovel
Preferred
New England Public Service
Preferreds
Wickwire Spencer Steel
Greene and Company
Members N. Y. Security Dealers Assn.
37 Wall St., N. Y. 5 Hanover 2-4850
Bell Teletypes—NY 1-1126 & 1127

"NOGGINS"
New Orleans
Great Northern
5s, 2032
Memorandum dated March 15, 1944
Supplement dated October 17, 1944
Available upon Request
G. A. Saxton & Co., Inc.
70 PINE ST., N. Y. 5 WHitehall 4-4970
Teletype NY 1-609

We Maintain Active Markets in U. S. FUNDS for
CANADIAN INDUSTRIALS
CANADIAN BANKS
CANADIAN MINES
CANADIAN UTILITIES
GOODBODY & CO.
Members N. Y. Stock Exchange and Other Principal Exchanges
115 BROADWAY NEW YORK 6, N. Y.
Telephone BArclay 7-0100 Teletype NY 1-672

CARRIER CORPORATION
Conv. Pref.
Bought—Sold—Quoted
McDONNELL & Co.
Members
New York Stock Exchange
New York Curb Exchange
120 BROADWAY, NEW YORK
Tel. REctor 2-7815

The Bank's Bond Portfolio

By J. E. MORRIS*

Vice-President, City Bank Farmers Trust Co.

Bank Executive, After Analyzing Recent Changes In Bank Assets, And The Declining Ratio Of Bank Capital To Deposits, Suggests That Banks Take The Following Measures To Offset The Risks Of Higher Interest Rates And Swollen Deposits: (1) Hold In The Shortest Term Government Securities The Amount Of Deposits Held Above The 1941 Normal Level; And (2) Invest Deposits Under This Amount In Bonds Having Staggered Maturities Of 1 To 10 Years With 6 Year Average Maturity.

J. E. Morris

In a survey of the present bond problem as related to banks we cannot think of bonds alone, but rather of the position the bonds occupy in the financial structure of the bank. These bonds surrounded with proper safeguards can represent our chief bulwark of strength and without safeguards they could become our most vulnerable asset. The bond account has become more a problem of mathematics than one of investment. Under the circumstances it is necessary to present certain figures in order to discuss this problem.

The published reports of the FDIC indicate that investments of all members have increased in the last nine years from 19 billion dollars to over 65 billion dollars. During that same period total capital funds have shown only a nominal increase from 6.2 billions to 7.5 billions. This comparison calls attention to the decreasing margin of protection represented by capital, surplus and undivided profits as related to the total investment portfolio. At the earlier date the surplus, undivided profits and reserves (exclusive of capital) of all the FDIC member banks was equal to 15% of total investments and has now declined to a margin of approximately 7%.

A comparison of this 7% margin with the margin ordinarily required against collateral loans dramatically illustrates the importance which the investment account has attained as a factor in bank management. If we constantly remind ourselves of the increased leverage that poten-

(Continued on page 1704)

---

*Address made by Mr. Morris at 51st Annual Convention of the Kentucky Bankers Association in Louisville, Oct. 11, 1944.

The Dollar Mystery

By PHILIP CORTNEY

Vice-Chairman of the Board and Treasurer of Coty, Inc.

Writer Points Out The Existence Of Two Problems: Dollar Problem And Sterling Problem. Explains Why The Solution Of One of These Problems Is Not Necessarily A Solution Of The Other. Clarifies Some Misconceptions As To The Misconduct Of The United States As A Creditor Nation Between The Two World Wars. States Reasons Why British Economists Do Not Show Any Enthusiasm Regarding The Eventual Reduction Of United States Tariffs. Outlines British Difficulties And Indicates The Elements Of A Solution Which Might Help Solve The British Problem.

Philip Cortney

The title of this article is borrowed from the text of a study which appeared in the well-known English publication, "The Economist". The fact is that American economy, both domestic and in its relations with foreign countries, presents baffling problems. It is necessary to study the intricacies and interests involved in order to be able to follow the international negotiations which are taking place, or the decisions which will be made either openly or behind closed doors. The problems are certainly difficult but not beyond human grasp. The answer to these baffling questions depends mainly on the intelligence and good will of men; the nature of the solution will, to a large extent, influence the destiny of the civilized world. This article deals chiefly with the problem of the dollar in its relation to the rest of the world.

The Conduct Of A Creditor Nation

The conditions of their economico-social balance in the frame-

(Continued on page 1694)

Seattle Bond Traders Elect New Officers

SEATTLE, WASH.—The following have been elected officers of the Seattle Bond Traders' Club for the coming year:

President: Hugh R. Schlicting, Wm. P. Harper & Sons.

Vice-President: George Barnett, MacRae & Arnold.

Treasurer: W. L. Stein, Bramhall & Stein.

Secretary: David K. Jackson, Bank of California, N. A.

San Fran. Bond Traders Installation Dinner

SAN FRANCISCO, CALIF.—The annual installation dinner of the San Francisco Bond Traders' Association was held in the Garden Room at the Fairmont Hotel on Friday, Oct. 13.

The following officers were installed for the 1944-1945 term:

President: George Kammerer, J. S. Strauss & Co.

Vice-President: Tony Bottari, Sutro & Co.

Secretary-Treasurer: Ken Donald.

Directors: Frank Boyer; Ed Foley, Kaiser & Co.; Matthew Morton, Davis, Skaggs & Co.; and Frank McGinley.

Gurdon Mead Is Mgr. Of Chas. A. Day Dept.

BOSTON, MASS.—Chas. A. Day & Co., Inc., Sears Building, member of the Boston Stock Exchange announces that Gurdon J. Mead now is associated with its organization as Manager of its Listed Securities Department.

Mr. Mead had been identified with the investment business for many years and has wide acquaintance on the Street and among investors.

FASHION PARK, Inc.
Makes men's clothes; "Stein Bloch", "Fashion Park", etc. Owns Weber & Heilbroner. Also sells to retailers everywhere. No reconversion problem. Attractive postwar outlook.
All investment dealers should send for our detailed report.
Simons, Linburn & Co.
Members New York Stock Exchange
25 Broad St., New York 4, N. Y.
HAnover 2-0600 Tele. NY 1-210

Georgia & Florida
6s, 1946
Actuals & C/Ds
Firm Markets
Troster, Currie & Summers
Members N. Y. Security Dealers Ass'n
74 Trinity Place, N. Y. 6 HA 2-2400
Teletype NY 1-376-377
Private Wires to Buffalo - Cleveland
Detroit - Pittsburgh - St. Louis

Henry Holt & Co.
5% due 1969
Buffalo, Niagara & Eastern
$1.60 Preferred
Boston & Maine Railroad
A, B, C, & D Preferreds
Diamond Alkali Co.
WM. J. MERICKA & CO.
INCORPORATED
Members Cleveland Stock Exchange
Union Commerce Bldg., Cleveland 14
Telephone MAin 8500
29 Broadway, New York 6
WHitehall 4-3640
Direct Private Wire to Cleveland

Long Bell Lumber Co.
Jefferson Lake Sulphur
*P. R. Mallory & Co., Inc.
Bought — Sold — Quoted
*Analysis on Request
STEINER, ROUSE & Co.
Members New York Stock Exchange
25 Broad St., New York 4, N. Y.
HAnover 2-0700 NY 1-1557
New Orleans, La.-Birmingham, Ala.
Direct wires to our branch offices

Southwest Natural Gas Company
L. H. Gilmer
Aeronca
Edward A. Purcell & Co.
Members New York Stock Exchange
Members New York Curb Exchange
65 Broadway WHitehall 4-8120
Bell System Teletype NY 1-1919

Central States Elec. (Va.)
*5% & 5½% Debentures
Common & Preferreds
Com. Shearing & Stamping
Nat. Commercial Title & Mtge. Guar. Com. & Pfd.
*Dealt in on New York Curb Exchange
Frank C. Masterson & Co.
Members New York Curb Exchange
64 WALL ST. NEW YORK 5
Teletype NY 1-1140 HAnover 2-9470

The Cross Company
Laclede Christy Clay Products
Great American Industries
Indiana Limestone 6s, 1952
Memoranda on request
F. H. Koller & Co., Inc.
111 Broadway, New York 6, N. Y.
BArclay 7-0570 NY 1-1026

FARR & CO.
Members
New York Stock Exchange
New York Coffee & Sugar Exchange
120 WALL ST., NEW YORK
SUGAR SECURITIES
Quotations Upon Request
TEL. HANOVER 2-9612
Teletype N. Y. 1-2123

Eastern Corporation
Bonds, Pfd. & Com.
BOUGHT, SOLD & QUOTED
Cohu & Torrey
MEMBERS NEW YORK STOCK EXCHANGE
One Wall Street, New York 5, N. Y.

Amer. Furniture
National Radiator
Amer. Window Glass
Chicago Ry. Equip.
Buda Company
Munising Paper

STRAUSS BROS.
Members New York Security Dealers Ass'n
32 Broadway NEW YORK 4 DIgby 4-8640 Teletype NY 1-832, 834
Board of Trade Bldg. CHICAGO 4 Harrison 2075 Teletype CG 129

Our Real Estate
Securities Department
Specializes in
TITLE COMPANY CERTIFICATES
Call us for quotes
Newburger, Loeb & Co.
Members New York Stock Exchange
40 Wall St., N.Y. 5 WHitehall 4-6330
Bell Teletype NY 1-2033

The COMMERCIAL and FINANCIAL CHRONICLE
Reg. U. S. Patent Office
William B. Dana Company
Publishers
25 Spruce Street, New York 8
BEekman 3-3341
Herbert D. Seibert,
Editor and Publisher
William Dana Seibert, *President*
William D. Riggs, *Business Manager*

Thursday, October 19, 1944

Published twice a week
every Thursday
(general news and advertising issue)
and every Monday
(complete statistical issue—market quotation records, corporation, banking, clearings, state and city news, etc.)

Other Offices: 135 S. La Salle St., Chicago 3, Ill. (Telephone: State 0613); 1 Drapers' Gardens, London, E. C., England, c/o Edwards & Smith.

Copyright 1944 by William B. Dana Company

Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of March 3, 1879.

Subscriptions in United States and Possessions, $26.00 per year; in Dominion of Canada, $27.50 per year; South and Central America, Spain, Mexico and Cuba, $29.50 per year; Great Britain, Continental Europe (except Spain), Asia, Australia and Africa, $31.00 per year.

Other Publications
Bank and Quotation Record—Mth. $20 yr.
Monthly Earnings Record—Mth...$20 yr.

NOTE—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

What Is The Stock Market Outlook Now?

By SCHROEDER BOULTON*

Partner, Baker, Weeks & Harden

Investment Analyst Maintains A "Bull" Market Began 2½ Years Ago And That The Market Has Much That Is Good Ahead Of It. Bases This Prediction Both On Statistical Data And On Increasing Optimistic Sentiment In Business Arising From The Backlogs Of Demand And The Vast Accumulations Of Liquid Finances. Sees The Expected Difficulties Of The Early Post-War Period And The Expected Prosperity Of The Later Period As Opposing Forces And States That Many Securities Are Now At Low Prices Considering Prospects Of Post-War Prosperity.

I am going to present briefly the reasons for certain favorable conclusions regarding the outlook for stock prices. These conclusions will have, perhaps, few of the usual "hedge clauses." In being unequivocal, I realize that I may run serious risk of becoming a "false prophet." When the market later develops, as it must, either favorably or unfavorably, you may possibly remember whether the conclusions were helpful, or merely misleading and confusing. My object, however, is not to convince anyone, but to set before you some of the more important considerations of which an investor should be aware, when trying to make up his own mind concerning what kind of market we have, and what kind of market we shall have. I shall merely offer certain ideas and suggestions which may be useful to you, in making up your own minds.

Schroeder Boulton

It would not be fair if I did not indicate that my approach is what is generally described in the Street as that of a "Fundamentalist," rather than of a "Technician." I have the greatest respect for able technical or chart analysis, and a great deal of that is being done. Even at times when the consensus of technical opinion (provided there is a consensus) is incorrect, it still is helpful to know what this opinion is, as chartists in and of themselves constitute an important market force.

Chartists themselves often constitute the explanation (independent of other factors) of why, at given levels, the market runs into heavy selling, or large buying. Even the unprofessional student is familiar with how the penetration of resistance levels always is followed by activity on the part of those who take their charts seriously, and the student must allow for this phenomenon in any understanding of over-all market conditions. **Under certain circumstances it has been easier to predict what action would be taken by the majority of technical students than what the market itself would do.**

Good technical work represents an **indirect** effort to determine, from the market's own action, the direction and power of the basic forces, as well as of the temporary forces, affecting the price behavior of stocks and bonds. Theoretically, a perfect technical approach will reflect with a high degree of accuracy all of the market factors, so far as they show up in the day-to-day and week-to-week fluctuations of the market.

However, in my own research, I have found it more satisfactory to make an effort to get **directly, rather than indirectly,** at an understanding of market forces. The

(Continued on page 1698)

---

*An address delivered by Mr. Boulton before the Association of Customers' Brokers in the Governors' Room of the New York Stock Exchange on Oct. 10, 1944.

We are interested in offerings of
High Grade
Public Utility and Industrial
PREFERRED STOCKS
Spencer Trask & Co.
25 Broad Street, New York
Telephone HAnover 2-4300 Teletype NY 1-5
Members New York Stock Exchange

Future Of Government Securities

By RAYMOND RODGERS*

Professor of Banking, School of Commerce, Account and Finance, New York University

Professor Rodgers Holds That Barring A Sharp Inflationary Increase In Price Level, Interest Rates Are Not Going To Rise Appreciably For Three Or Four Years After End Of War. Enumerates Controls He Feels Treasury And Federal Reserve Authorities Could And Would Exercise To Keep Rates Down Or Push Them Even Lower.

Today I want to discuss just one phase of the banks' support of the war effort, their holdings of Government securities. The commercial and savings banks of the U. S. hold $75,800,000,000 (June 30, 1944) of government securities and the Federal Reserve banks hold an additional $15,592,000,000 (August 23, 1944). These vast holdings will continue to increase until the war is over and, as I shall explain in a moment, will **increase sharply** during a considerable period following the end of hostilities. The asset government securities has become so large that it overshadows everything else in banking — in fact, it has become almost synonymous with banking. The future of these vast holdings is, **and will continue to be for years,** the burning $64 question for all of us. And, unfortunately, there are many answers to the question.

Raymond Rodgers

Crackpots, dumbbells, bureaucrats and economic fakers are already busy in the back rooms of our great democracy working out solutions which range all the way

(Continued on page 1700)

---

*An address made by Professor Rodgers before the 14th New England Bank Management Conference, Oct. 11, 1944, at the Hotel Statler, Boston, Mass.

Extra Curricular Activities

SEC Delays Decision On 5% Principle While Pursuing Voluntary And Unnecessary Surveys.

Too much time and effort of administrative bodies is consumed and dissipated in self-praise. Some have specially employed and paid public relations counsel. This wasted energy could well be applied to the performance of those statutory duties which properly belong to the sphere in which the particular organizations function.

An all too patent transgressor is the Securities and Exchange Commission.

For self-laudation it takes the prize.

In its releases and orders there is almost always the meticulous care to emphasize that what is being done is for the benefit and protection of the public. It is high time the public was permitted to judge for itself uninfluenced by the self-serving declarations of the Commission.

Is it in the public interest for the Securities and Exchange Commission to have consumed more than three months without as yet having decided the simple issue involved in the "5% spread philosophy"?

Is such decision being purposely delayed until after the Presidential election?

Make no mistake, the issue is all important.

Let us consider some current developments which bear upon it.

(Continued on page 1685)

PANAMA COCA-COLA
Dividends declared 1944 to date — $2.75
Dividends 1943 - $4.50
" 1942 - 3.65
Approximate selling price — 30
Circular on request
HOIT, ROSE & TROSTER
Established 1914
74 Trinity Place, New York 6, N. Y.
Telephone: BOwling Green 9-7400 *Teletype:* NY 1-375

B. S. LICHTENSTEIN
AND COMPANY
ONE BID IS WORTH 1000 QUOTES
The Chinese tell us that one picture is worth 1000 words. We say that one bid is worth 1000 quotes on the kind of obsolete stuff that you haven't a Chinaman's chance of cashing in elsewhere!
Obsolete Securities Dept.
99 WALL STREET, NEW YORK
Telephone: WHitehall 4-6551

TITLE COMPANY CERTIFICATES
BOUGHT - SOLD - QUOTED
Complete Statistical Information
L. J. GOLDWATER & CO.
Members New York Security Dealers Assn.
39 Broadway
New York 6, N. Y.
HAnover 2-8970 Teletype NY 1-1203

Liberty Aircraft
*Mid-Continent
*National Airlines
*Northrop Aircraft
Rohr Aircraft
Bought — Sold
*Circular on Request
J. F. Reilly & Co.
Members
New York Security Dealers Assn.
111 Broadway, New York 6, N.Y.
REctor 2-5288
Bell System Teletype, NY 1-2480
Private Wire to Los Angeles

Bartgis Bros.
Federal Screw Works
Gisholt Machine Co.
Haloid Corp.
Laclede-Christy Clay Pr.
Miller Mfg. Co.
Segal Lock & Hdw. Pfd.
Bought—Sold
Est. 1926
HERZOG & CO.
Members New York Security Dealers Ass'n.
170 Broadway *COrtlandt 7-6190*
Bell System Teletype NY 1-84

Haytian Corp.
Punta Alegre
Merchants Distilling
Tybor Stores
•
DUNNE & CO.
Members New York Security Dealers Assn
25 Broad St., New York 4, N. Y.
Tel. WHitehall 3-0272

Public National Bank & Trust Co.
Third quarter analysis available on request
•
C. E. Unterberg & Co.
Members New York Security Dealers Assn
61 Broadway, New York 6, N. Y.
Telephone BOwling Green 9-3565
Teletype NY 1-1666

WARD & Co.
EST. 1926
ACTUAL MARKETS
IN 250
ACTIVE ISSUES

Aetna Life
Aetna Standard Eng.
Alabama Mills
American Hardware
Auto Car
Bendix Home Appl.
Continental Casualty
Douglas Shoe, Com. & Pfd.
Deep Rock Oil
Electrolux*
Emerson Radio
Great American Industries*
H. & B. Amer. Machine Pfd.*
International Detrola
Liberty Aircraft New
Magazine Repeating Razor
Merchants Distilling*
Moxie
Nu-Enamel
Purolator
Riley Stoker*
Scovill Mfg.*
Standard Stoker
Title Guarantee & Trust
Triumph Explosives
Wickwire Spencer

INDUSTRIALS
Aspinook Corp.
Amer. Window Glass, Com. & Pfd.
Auto Car
Axton-Fisher "B"
Bird & Son*
British Caumont
Brockway Motor*
Buda Co.
Cons. Cement "A"*
Consolidated Textile
Crowell Collier P. Com.
Eagle Fire Insurance
Eastern Corporation
Federal Machine & Welding
H. & B. Amer. Machine, Pfd.*
Interstate Bak. Com. & Pfd.
Loft Candy
Marmon Herrington
Merrimac Mills
Mokan
Oxford Paper
Pierce Butler
Pollak Manufacturing
Punta Alegre Sugar
Remington Arms
H. H. Robinson
Talon
Textron Pfd. & Wrnts.
Tokheim Oil Tank & Pump
United Drill "A" & "B"
United Stove
Vicana Sugar 6s

AIR LINES
American Export Air Lines
Chicago & Southern Airlines
Continental Airlines
Mid-Continent Airlines
National Airlines

UTILITIES
Amer. Gas & Power & Wrnts.
Birmingham Gas
Conn. Light & Power Com.
Cons. Elec. & Gas Pfd.
Derby Gas & Electric
Federal Water
Illinois Power Div. Arr. and Com.
Iowa Southern Util. Com.
Mass. Power & Lt. $2 Pfd.*
Nassau & Suffolk Ltg. Pfd.
Puget Sound Pr. & Lt.
Queensboro Gas & Elec. Pfd.
Scranton Springbrook Water Pfd.
Southwest Natural Gas

ELECTRONICS
Du Mont Lab. "A"*
General Instrument*
International Detrola
Magnavox Corp.*
Majestic Radio & Tel.*
P. R. Mallory
Stromberg Carlson
Submarine Signal

CHICAGO TRACTIONS
*Circular on Request

WARD & Co.
EST. 1926
Members N. Y. Security Dealers Ass.
120 BROADWAY, NEW YORK 5
REctor 2-8700 NY 1-217 1-128
Direct wires to Boston & Phila
ENTERPRISE 'PHONES
Hartford 6111 — Buffalo 6024

Art Metals Construction
Crowell Collier Pub. Co.
Magazine Repeating Razor
Oxford Paper Com. & Pfd.
Stromberg Carlson
United Light & R'y W.I.
Bought - Sold - Quoted
GOODBODY & Co.
Members N. Y. Stock Exchange and Other Principal Exchanges
115 BROADWAY
NEW YORK
TELEPHONE BARCLAY 7-0100
105 WEST ADAMS ST.
CHICAGO
TELETYPE NY 1-672

PUBLIC UTILITY PREFERRED STOCKS
American Utilities Service Corporation
Black Hills Power and Light Company
Central Power and Light Company
Michigan Consolidated Gas Company
Minnesota Power and Light Company
Missouri Utilities Company
Montana Dakota Utilities Company
Northern Indiana Public Service Company
Northern States Power Company
Pennsylvania Edison Company
Peoples Light and Power Company
Public Service Company of Indiana, Inc.
Bought — Sold — Quoted
A.C.ALLYN AND COMPANY
Incorporated
Chicago New York Boston Milwaukee Minneapolis

The International Aspects Of Economic Policy

By WINTHROP W. ALDRICH*

Chairman, The Committee on International Economic Policy
Chairman of the Board, The Chase National Bank of New York

Prominent Banker Asserts We Are Committed To Organizing Our Economic Life So That Everyone Shall Find Productive Employment Under Private Enterprise. Holds Function Of Government In International Trade Should Be Limited To Negotiations With Other Governments That Will Create An Orderly Framework Within Which Individuals Can Trade. Calls For Restoration Of "The Most Favored Nation" Treatment. Describes Work Of Committee On International Economic Policy As A Democratic Process Of Putting Forward Ideas Vital To Our Future Prosperity.

W. W. Aldrich

This year's National Foreign Trade Convention seems to me unusually significant. There is no more important subject to discuss as this war comes to an end than how we may best mobilize and marshall our economic resources so as to contribute most to lasting peace and to the restoration of world prosperity. Every American has a stake in this problem. We have gone through two wars in a generation, the most destructive wars in history. The first world war was followed after a brief period of false recovery by the most severe economic and financial convulsions the world has ever known. Our own country suffered heavily, but the convulsions were world-wide. This is a world problem. The politicians flatter themselves when they blame each other—or take credit to themselves—for causing or curing depressions.

We should not allow ourselves to be deluded. The solution of the problems we shall face after this war will call for the utmost effort on the part of business men, and indeed of the whole community, as well as of governments. Our economic system, if it is to remain a free system, works as a result of widespread initiative exercised within a framework of orderly government. Not only our own, but other governments and peoples are vitally concerned in its operation. It is difficult enough at any time to secure agreement among so many interests and organized groups. In a period of confusion and distress at the close of a great war this difficulty is much greater. Already we have clear indications of the obstacles that must be faced in organizing effective government and restoring economic activity in the countries that have been liberated from enemy occupation. It is common sense to aim at simple and workable measures of international cooperation, leaving as much as possible to the forces of private initiative. If we allow ourselves to be maneuvered into elaborate and complicated measures of regulation, what we will end up with will be a cumbrous and ineffective system of State regulation and monopoly. The ultimate result of this will be economic nationalism and a complete breakdown both of international cooperation and of economic freedom within our own community.

Great issues are at stake in the

---

*An address made by Mr. Aldrich before the Luncheon Session of the 31st National Foreign Trade Convention, New York City, Oct. 11, 1944.

(Continued on page 1708)

Girdler Corporation Stock
Bought—Sold—Quoted
THE BANKERS BOND CO.
INCORPORATED
1st FLOOR, KENTUCKY HOME LIFE BLDG.
LOUISVILLE 2, KENTUCKY
Long Distance 238-9 Bell Teletype LS 186

BOSTON, MASS.
An Outstanding Cement Stock
With a Dividend Arrearage
Riverside Cement
Class A
$1.25 Cumulative Participating Stock
Market 12⅜ - 13
Circular sent upon request
LERNER & CO.
10 POST OFFICE SQUARE
BOSTON 9, MASS.
Tel. HUB 1990 Teletype BS 69

DALLAS
Republic
Natural Gas Co.
New analysis available
on request
SCHNEIDER, BERNET
& HICKMAN
Southwestern Life Bldg.
Dallas 1, Texas
Teletype DL 286 Long Distance 106

Gilligan Appointed Adv. Mgr. Of Philco

John F. Gilligan has been appointed Advertising Manager of Philco Corp., it was announced today by James H. Carmine, Vice-President in charge of merchandising.

Mr. Gilligan joined Philco in 1922 and has served in important positions in the sales, advertising and order departments.

In 1931 he became assistant to Larry E. Gubb, then general sales manager, and now Chairman of the board of directors of the company. In addition to his other activities at that time, he set up and directed the company's statistical and market research section.

In 1936, Mr. Gilligan was named Manager of the Specialty Division and for the following five years was in charge of sales of Philco radio-phonographs and farm radio receivers. During the war emergency he has been serving as Manager of the Priorities Division.

Cement Stocks Look Good; "Noggins" Interesting

Florida Portland Cement Company and Giant Portland Cement Company offer attractive post-war possibilities and are especially well situated to benefit from post-war construction, according to memoranda prepared by G. A. Saxton & Co., Inc., 70 Pine Street, New York City. Copies of these releases may be had from the firm upon request.

Also available in a memorandum and supplement of recent developments in New Orleans Great Northern.

CHICAGO
CARTER H. CORBREY & CO.
Wholesale Distributors
Middle West — Pacific Coast
For
UNDERWRITERS
SECONDARY MARKET
DISTRIBUTION
CHICAGO 3
135 La Salle St.
Randolph 3002 CG 362
LOS ANGELES 14
650 S. Spring St.
Trinity 3908

An Outstanding
Post War Stock
Long-Bell Lumber
Common
(Circular sent upon request)
•
COMSTOCK & Co.
CHICAGO 4
231 So. La Salle St. Dearborn 1501

PHILADELPHIA
Lukens Steel Common
Western Light &
Telephone
Common
Memo on Request.
BUCKLEY BROTHERS
Members New York, Philadelphia and
Los Angeles Stock Exchanges
Private Wire System between
Philadelphia, New York and Los Angeles
1529 Walnut Street, Philadelphia 2
New York Los Angeles
Pittsburgh, Pa. Hagerstown, Md.
N. Y. Telephone—WHitehall 3-7253

We have a continuing interest in:
Southern Advance Bag
& Paper Co.
Common Stock
BOENNING & CO.
1606 Walnut St., Philadelphia 3
Pennypacker 8200 PH 30
Private Phone to N. Y. C.
COrtlandt 7-1202

Mutual Chemical of America
Common
Alan Wood Steel Preferred
Black-Clawson Common
De Long Hook & Eye
John Irving Shoe
Common & Preferred
Penington, Colket & Co.
123 S. Broad St., Philadelphia 9, Pa.
Phila. Phone
Pennypacker 7700
New York Phone
Hanover 2-0310
Teletype PH 180

WE ARE PLEASED TO ANNOUNCE THE
ASSOCIATION WITH US OF
MR. RUSSELL M. ERGOOD, Jr.
AS MANAGER OF OUR
MUNICIPAL BOND DEPARTMENT

STROUD & COMPANY
Incorporated
PHILADELPHIA 9, PA. 123 So. Broad Street
NEW YORK 5, N. Y. 120 Broadway
Pittsburgh • Allentown • Scranton • Williamsport

Randall Company
"B" Common

George R. Cooley & Co.
INC.
52 William St., New York 5
WHitehall 4-3990

WE BUY
BONDS
WITH
Coupons Missing
•
GUDE, WINMILL & Co.
Members New York Stock Exchange
1 Wall St., New York 5, N. Y.
DIgby 4-7060 Teletype NY 1-955

How Can American Enterprise Finance Post-War Requirements?

By HENRY J. KAISER*

Prominent Industrialist Says That Only Through Production Will We Be Able To Avoid Inflation And Support The Heavy National Debt. Contends That There Must Be "A Practical Means Or Agency For Mobilizing And Making Available The Risk Capital Which Is Essential To A Dynamic Economy" And That The Industries Which Were Born Out Of The War Must Be Continued If We Are To Have "The Employment Essential To Our Peace And Prosperity." Holds A Credit Agency Is Required To Furnish Risk Capital, And If Private Industry And Private Finance Cannot Assure This Essential They Are Doomed.

Henry J. Kaiser

As I listen to the various points of view recorded in the daily press as to how American enterprise can finance its post-war requirements, opinion seems to fall in three categories. At one extreme are those who picture the United States, and the world in general, as doomed to carry a crushing burden of debt for at least a generation, if not for half a century. I am reminded a little of the figure of Christian in Bunyan's "Pilgrim's Progress," who carried the burden of his sins on his shoulders through one ordeal after another until it finally fell off just before he entered the City Celestial. Some commentators would have us believe that our generation and the next, and perhaps another, will just manage to survive until the war debt has been liquidated. A realistic way to dispose of such pessimistic theory might be to declare that unless the debt burden can be borne without crushing man's hope it is more than likely to be repudiated.

At the other extreme of financial speculation about the future is the point of view that does not seem to be clear. Debts, according to this school, need concern us very little particularly when we owe them to each other. There are some who say that we should go on spending all that is necessary to maintain the economy at some figure usually between $150 and $200 billions in annual national income.

As usual the truth will be found somewhere between these two extremes. It will be wise to base analysis on certain essential assumptions. To begin with, our money and the national debt are completely interdependent. If the value and standing of either should break down, both would be equally impaired. The promises to pay, or the bonds, which evidence the debt, are written in terms of dollars. At the same time these very bonds become a part of the legal backing for the money which is in circulation.

Is it not a fact that we have in the United States today the greatest volume of money and bank deposits which the country has ever known? Larger, perhaps, by two or three times than they were in 1929, the year of our greatest pre-war prosperity. I read that when allowances for reconversion, renegotiation and taxation have

---

*An address by Mr. Kaiser, made before the New York Financial Writers Association in the Hotel Delmonico, New York City, Oct. 5, 1944.

(Continued on page 1708)

AMERICAN BANTAM CAR
Common and 6% Cum. Conv. Preferred
BOUGHT — SOLD
Circular on Request
HOIT, ROSE & TROSTER
Established 1914
74 Trinity Place, New York 6, N. Y.
Telephone: BOwling Green 9-7400 *Teletype:* NY 1-375

We are pleased to announce that
MR. HARRY B. SPRING
(*Formerly with Wertheim & Co.*)
has become a general partner in our firm
Mr. Spring will head our Research Department
specializing in Corporate Reorganization Securities.

Greene and Company
Members New York Security Dealers Association
37 WALL STREET • NEW YORK 5
Tel. HAnover 2-4850
October 16, 1944

Extra Curricular Activities

(Continued on page 1683)

Foremost, to our mind, comes the survival of small business.

In a recent declaration, Senator James E. Murray of Montana, Chairman of the Special Committee to Study Small Business Problems, said:

> ". . . now that the war is approaching a conclusion, a struggle is on foot between big and little business . . .",
> ". . . in nearly every industry in our country, we find four or five large organizations in control . . .",
> "Those who have been benefited and enriched through Government contracts and the expansion of their industries appear to be wedded to the idea of bigness."

Of course, one of the ways in which we can protect and help preserve Small Business is to exempt small capital issues from the prohibitive expense and unnecessary delays involved in registration with the Securities and Exchange Commission. That is apparently the thought behind the Vandenberg Bill which would exempt issues up to $300,000 from the rigamarole of the Commission's supervision on initial issuance.

Another potent and imperative method is to create and stimulate a ready and liquid market in the small capital issues.

As we have repeatedly emphasized, success in our reconversion period, the creation of an adequate number of jobs for our returning men and women—these depend to a considerable extent on healthy market conditions in small capital issues.

What will be the effect of the existence and enforcement of the "5% spread philosophy" upon this picture?

The poll conducted by us indicated a firm conviction on the part of brokers and dealers generally that such enforcement would prevent the existence of a ready and fluid market in small capital issues.

WITH SO LARGE A STAKE IN THE BALANCE, THE SEC PLAYS POSSUM AND HOLDS UP ITS DECISION ON THE "5% RULE."

Does the Commission claim it is overworked and undermanned? Then why in the name of common sense doesn't it stick to its last? Why doesn't it stop taking on extra curricular activity such as making surveys on earnings of listed corporations, etc.?

THERE SHOULD BE A DECISION ON THE "5% SPREAD" NOW. THE DELAY IS NOT TO BE EXCUSED.

AMERICAN MADE
MARKETS IN
CANADIAN
SECURITIES

Aldred Investment Trust
4½s, 1967
@ 45 yield over 10%
Investment Bond & Share
5s, 1947
@ 67 yield over 10%
London Canadian Investment
4½s, 1948
@ 92 yield 7.10%
Steep Rock Iron Mines Ltd.
5½s, 1957
@ 95 yield 6.05%

HART SMITH & CO.
52 WILLIAM St., N. Y. 5 HAnover 2-0980
Bell Teletype NY 1-395
New York Montreal Toronto

American Water Wks. & Elec.
5s, 1975
Community Water Service
6s, 1946
Central Public Utility 5½s, 1952
East Coast Public Service
4s, 1943
Eastern Minnesota Power
5½s, 1951
Savoy-Plaza 3-6s, 1956

Frederic H. Hatch & Co.
Incorporated
Members N. Y. Security Dealers Ass'n
63 Wall Street New York 5, N. Y.
Bell Teletype NY 1-897

Pacific Coast Stock Exchanges
Open to 5:30 P. M. (E.W.T.)
Quotations and executions for brokers, dealers and institutions on Pacific Coast securities, including those which also have eastern markets.
Direct wires
DEAN WITTER & Co.
Members New York Stock Exchange
San Francisco Stock Exchange
and other security and commodity exchanges
14 WALL STREET BArclay 7-4300
New York San Francisco
Los Angeles Honolulu

American Maize Products Co.
General Tin Investment
Tokheim Oil Tank & Pump Co.

Ohio Match
Universal Match

Frederic H. Hatch & Co.
Incorporated
Members N. Y. Security Dealers Ass'n
63 Wall Street New York 5, N. Y.
Bell Teletype NY 1-897

Park & Tilford
WARRANTS
WANTED

STATE DISTRIBUTING COMPANY
950 Dierks Building
Kansas City 6, Missouri

Northern States Power (Del.)
6% & 7% Preferreds
Peoples Light & Power
$3 Preferred
Bought — Sold — Quoted
PAINE, WEBBER, JACKSON & CURTIS
ESTABLISHED 1879

ADVERTISING
In All Its Branches
Plans Prepared—Conference Invited
Albert Frank - Guenther Law
Incorporated
131 Cedar Street New York 6, N.Y.
Telephone COrtlandt 7-5060
Boston Chicago Philadelphia San Francisco

Quality Cutlery
SINCE 1889
Headquarters For
Sextoblade Razors and Blades. Cutlery Repairing of Every Description.
WECK CUTLERY, Inc.
138 Fulton St. CO. 7-1176
45 Nassau St. RE. 2-9192

Pacific Coast Securities
Orders Executed on Pacific Coast Exchanges
Schwabacher & Co.
Members
New York Stock Exchange
New York Curb Exchange (Associate)
Chicago Board of Trade
14 Wall Street New York 5, N. Y.
COrtlandt 7-4150 Teletype NY 1-928
Private Wire to Principal Offices
San Francisco — Santa Barbara
Monterey — Oakland — Sacramento
Fresno

Public Utility Securities

Refunding Program Goes Into High Gear

The amount of utility financing in the first eight months of 1944 was over twice that of the same period of 1943 and larger than in 1942, though considerably smaller than in 1941 and 1940. However, September volume, estimated at $144 millions, was far above the earlier level, and October will probably be even heavier. A considerable number of deals are also "on the fire" for later consummation, but some of them may have to be deferred until after the War Bond Drive and the year-end holiday period.

The utility industry has been busy in the past two or three years adjusting itself to the requirements of Section 11 of the Holding Company Act. A majority of the independent companies had already refunded their high coupon issues in the 1930's, but many holding company subsidiaries had to defer their programs until they could satisfy the Federal Power Commission, the Securities and Exchange Commission and the State Commissions regarding plant write-offs, amortization charges, holding company contributions to improve capital set-up, etc. As fast as these matters were ironed out, the companies undertook refunding programs, but the tempo was slow because of the crowded schedules of the two Federal agencies, as well as the difficulties of effecting compromises where serious adjustments were deemed necessary. Thus Electric Power & Light, important subholding company in the Electric Bond and Share system, did not undertake the major refunding program for its numerous subsidiaries until this year, and American Power & Light has not yet gotten its program under way.

Utilities were slow to undertake the refunding of their preferred stocks because of tax difficulties. In the 1942 tax law, Congress tightened the utilities' tax burden by exempting from the 16% surtax an amount of net income (of operating companies only) equivalent to preferred dividend payments. But for some reason this provision did not apply to new issues, until the law was later amended. Even now there are certain technicalities in the application of the provision which remain confusing. Thus the corporate holder of a utility preferred stock must pay the 16% tax from which the utility itself gained exemption. This means that the corporate holder pays an income tax of 19.6% on dividend income, compared with 6% on the income from an industrial or railroad preferred stock. This, of course, tends to retard the purchase of new utility preferred issues by fire insurance companies, investment trusts and other corporate investors. However, amendment of the law earlier this year removed the distinction between old and new preferred stocks, and apparently paved the way for resumption of preferred refundings, of which there has been a considerable volume this year. The fact that refunding savings for preferred stocks are not taxable, while those for bonds are, has probably stimulated activity somewhat.

Recently a third kind of refunding program has gotten under way. With bond prices around an all-time peak level, it suddenly became obvious that 3¾% and 3½% high grade utility bond issues could be refunded profitably. Perhaps a deciding factor was the general expectation that the end of the war was approaching and that the excess profits tax (which is a heavy burden on the utilities) might be cancelled during 1945. This would mean that, if refundings were put over to next year, the utilities might run the risk of losing the big cash saving in taxes which results from charging off the premiums on old bond issues retired. This saving usually does not appear in the income account, since it has become the fashion to enter an offsetting item of "charge in lieu of tax savingss," on the theory that the saving is a nonrecurring and abnormal item. However, this factor is the most important factor in the bond refunding program, since the annual saving in interest charges (sometimes relatively small where the coupon rate is reduced only ¾% or less) may shrink to a rather small figure after figuring the increased amount of Federal taxes (which may absorb a considerable part of the annual saving, depending on the tax position of the company).

Accordingly, several huge refundings such as the $155 million issue of Commonwealth Edison and Public Service of Northern Illinois, the $65 millions Philadelphia Electric bonds, etc., are currently under way and a number of other large issues are contemplated.

Since the railroads have suddenly also joined the refunding game, the investment bankers now have more business than they can properly handle with their reduced manpower, and find themselves extremely busy on Monday or Tuesday noons when several important issues may come up for competitive bidding simultaneously. While this condition prevails, there is always the danger that bidding for some important issue may prove too keen, or the big insurance companies may decide to stay out, in which event a "sour situation" may temporarily develop. However, considering the unusual amount of recent financing, the bond market has acted well and banking groups have thus far encountered only minor mishaps in the game of guessing the retail yield basis at which they can successfully move the new bonds safely into institutional portfolios.

Liberty Aircraft's Position In The Industry And Outlook For Peacetime Business

The current offering to stockholders of a new issue of 80,000 shares of $1.25 cumulative convertible preferred stock by Liberty Aircraft Products Corp., to be followed by a public offering of the unsubscribed portion, has directed attention to Liberty's position in the industry and its possibilities for peacetime business in relation to Liberty's own specialty and that of its two subsidiaries—The Autocar Company and Highway Trailer Company.

The preferred stock, recently created as a means of refunding a $1,000,000 bank loan and to provide additional working capital,, is being offered the stockholders at $25 a share on the basis of one share of preferred, $20 par, for each 3½ shares of common held as of Oct. 7, 1944. This offering to the stockholders will expire Oct. 23.

Exclusive of its subsidiaries, The Autocar Company and Highway Trailer Company owned 41% and 58%, respectively, by Liberty through its holdings of common stock of these two companies, Liberty's net sales have increased from $483,817 in 1938 to $20,360,891 in 1943, and for the 10 months ended Sept. 30, 1944, amounted to $18,199,238. These last two sales figures are before reflecting price adjustment based upon contract renegotiation.

Aside from an anticipated demand for its products after the war, which it is stated should exceed pre-war demand, Liberty is in position to benefit from its holdings in The Autocar and Highway Trailer companies. In addition to holding 200,000 shares of a total of 485,310 shares of The Autocar Company common stock, Liberty received, on Oct. 2, 20,000 shares of that company's 5%, $20 par value, convertible preferred as a dividend. As of June 30, 1944, The Autocar Company had a backlog of unfilled orders amounting to $30,126,000. Liberty also owns 58% of the common stock of Highway Trailer Company, which had unfilled orders on the same date of $9,500,000. Liberty's own unfilled orders as of July 31, 1944, were $13,200,000. Inasmuch as the war business of all three companies is, in the main, an extension of their peacetime businesses, reconversion of manufacturing facilities should not, it is stated, prove difficult.

Liberty's investments in Autocar and Highway Trailer give it a diversity of manufacturing in the transportation field which is unusual and which, in the event of a decline in the post-war demand for aircraft parts, will give Liberty other sources of earnings in the form of dividends from subsidiaries to supplement its own earnings. In this connection it is pointed out that Liberty is not a "war baby" but has been in business since 1932, and that Autocar for many years was one of the leading trade names in the truck manufacturing industry. The wartime demand for trucks and trailers is expected to continue in peacetime for several years at least, because of the restrictions that have prevailed on production for commercial purposes. According to Oliver H. Payne, Chairman of Liberty and a director of the subsidiaries, there should be ample business for all established truck manufacturers who have enjoyed record sales during the war and who will be faced in the future with the problem of meeting pent-up civilian or commercial demands. In addition to the anticipated peacetime demand, it is expected that, as a result of the mechanization of the U. S. Army, there may also be a continuing demand after the war for military vehicles of the type produced by Autocar.

Any of Liberty's preferred stock not taken by the stockholders will be publicly offered by a banking group headed by E. H. Rollins & Sons Incorporated and Van Alstyne, Noel & Co.

Tomorrow's Markets Walter Whyte Says—

Reaction, previously indicated, now underway. Steel and copper groups show signs of upward revival. Rail short position cut; industrial short position increased.

By WALTER WHYTE

Now that the market is turning downward the whispers of sharp reaction are gradually turning into audible groans of dire things to come. It is possible the purveyors of gloom will have their hopes realized. But the market doesn't give any indication of it. On the contrary, the setback has been signalled so often the retrace of prices could not have been a surprise to tape watchers.

* * *

Of course it would have been ideal for stocks to advance through the overhanging offerings into new highs. Markets, however, are seldom obliging enough to furnish us with the ideal. If there is one thing about price movement which remains constant, it is the element of surprise. Accompanying that is the annoying condition that markets seldom act according to popular belief.

* * *

Occasionally one of these widespread opinions does

(Continued on page 1711)

Crescent Public Service 6s 1954
Portland Electric Power 6s 1950
American Gas & Power 3-5s & 3.6s 1953
Associated Gas & Electric Corp. debs.
GILBERT J. POSTLEY & CO.
29 BROADWAY, NEW YORK 6, N. Y.
Direct Wire to Chicago

Trading Markets in
RAILROAD SECURITIES
B. & O. 4½s, 5s & 6s
B. & O. S.W. 50s, Stpd.
Boston & Albany 4¼s & 5s
B. R. & P. 57s, Stpd.
Chicago & Alton 3s, 1949
Chi. Milw. Gary 5s, 1948
C. M. St. P. 5s, 1975 & 2000
Chi. N.W. 4½s, 1999
Chi. R. I. 4s, 34 & 4½s, 60
C. C. C. St. L. 4½s, 1977
Colo. & South. 4½s, 1980
Georgia Southern 5s, 1945
Illinois Central 4½s, 5s, 63
Lehigh Valley 4s, 4½s
MOP 4s, 5s, 5¼s & 5½s
Morris & Essex 4½s & 5s
N. Y. Central 4s, 4½s & 5s
Old Colony 5s & 5½s
No. Pac. 3s & 6s, 2047
St. L. S. F. 4s, 4½s, 5s & 6s
Seaboard 4s, 5s & 6s
So. Pac. 4½s, 69, 77 & 81
Others Traded
J. ARTHUR WARNER & CO.
120 Broadway New York 5
COrtlandt 7-9400 TWX-NY 1-1950
BOSTON PHILADELPHIA
HARTFORD

Seaboard Air Line Ry. Co.
New Securities — When Issued
Bought — Sold — Quoted
Arbitrage Circular upon Request

SUTRO BROS. & CO.
Members New York Stock Exchange
120 BROADWAY, NEW YORK 5, N. Y.
Telephone REctor 2-7340

Calendar of
Coming Rail Events
Copy Available to Brokers and Dealers
VILAS & HICKEY
Members New York Stock Exchange
49 Wall Street New York 5, N. Y.
Telephone: HAnover 2-7900
Teletype: NY 1-911

T. J. Ross Sees Opportunities And Pitfalls For Business After War

Public Relations Expert Tells Life Advertisers Business May Be Blamed For Conditions Beyond Its Control

Although industry is well regarded by the public in this country today because of the amazing wartime production job it has done, continued public favor will depend primarily upon industry's ability to adjust itself to post-war conditions, T. J. Ross, of Ivy Lee and T. J. Ross, told members of the Life Insurance Advertisers Association at their annual meeting in New York City on Tuesday.

The circumstances of this all-important post-war adjustment, he said, lie only partially within the control of industry itself, implying that there is danger that business may be blamed for post-war difficulties for which it is not responsible, unless the public is well informed.

"Let us assume," Mr. Ross said, "that industry does everything in its power to make the transition as quickly as human ingenuity can contrive to do it. If the actual transition should be held up by conditions beyond industry's control, and yet people are led to believe that the Government has done its part, what will the public think?

"One of the problems confronting industry today," he continued, "is the all too prevalent notion that industry or management makes jobs. There is a great deal of talk about the millions of jobs that industry must provide—or else. The fact is that jobs are provided only by the public's demand for the things that industry produces, or the services that business renders."

Available On Request

Schenley Distillers Corporation have prepared an attractive booklet containing the first articles in the series they have been running in the "Financial Chronicle." Copies of this booklet may be had upon request by writing to Mark Merit, in care of Schenley Distillers Corporation, 350 Fifth Ave., New York 1, N. Y.

R. M. Ergood To Head Stroud Municipals

PHILADELPHIA, PA.—The appointment of Russell M. Ergood, Jr., as manager of the municipal bond department of Stroud & Co., Inc., 23 South Broad Street, has been announced. Mr. Ergood, who is well known in investtment and banking circles as a specialist in State, county and municipal financing, was formerly with Yarnall & Co. He is the Phildelphia representative on the municipal bond committee of the National Securities Traders Association, a member of the Investment Traders Association of Philadelphia and Municipal Bond Club of Philadelphia, of which he is a former secretary.

Russell M. Ergood

Now Fred C. Yager, Inc.

DAYTON, OHIO — The firm name of Feight-Yager & Company has been changed to Fred C. Yager, Inc. Offices will be continued in the Gas and Electric Building.

Minneapolis, St. Paul & Sault Ste. Marie
New When, as and if issued Securities
1st Inc. 4½s, 1971 Gen. Inc. 4s, 1991
Free Common V. T. C. Optioned V. T. C.
Bought & Sold
PFLUGFELDER, BAMPTON & RUST
Members New York Stock Exchange
61 Broadway New York 6
Telephone—DIgby 4-4933 *Bell Teletype*—NY 1-310

Railroad Securities

The speculative flurry in Western Pacific new securities (traded on a when-issued basis) which accompanied announcement last month that the Federal Court had authorized payment of interest and dividends accrued on the new securities through 1943 petered out rather quickly. Since the beginning of the month the Income bonds and the new stocks have traded listlessly somewhat below the September highs. Many rail analysts have been rather surprised with the recent action and feel that these new securities still possess very pronounced price appeal at current levels.

The interest and dividend payments authorized will be made at the time of delivery of the new securities, probably late this year or early in 1945. Payments will amount to $225 with respect to each $1,000 of new income 4½s, $15.81 on each share of new 5% preferred and $9 on each share of new common. In addition, there will be $45 payable on the new Income bonds next year from 1944 earnings, and $5 on each share of preferred stock. The $9 dividend already authorized on the common stock represents $3 a share for each of the years 1941-1943 and it is considered likely that a similar rate will be continued next year out of 1944 earnings.

The new common stock is viewed as having particularly interesting speculative potentialities. It has recently been selling at around 34, or a net cost of 25 after deducting the $9 dividend. On a $3 annual dividend rate the shares would afford a return of 12%. At least for some time to come earnings of the company should be sufficient to support such an annual dividend rate. In 1944 it is estimated that earnings should hold above $7 a share after allowing for the participating feature of the preferred stock. (The preferred shares equally share for share after the common has received $3 in any one year.) Even if the European war should be terminated this year, or early in 1945, the traffic and earnings of Western Pacific should be well maintained as the needs of the Pacific war will tax the facilities of the western transcontinental systems to the utmost.

The reorganization of Western Pacific is a particularly drastic one with fixed interest debt confined to serial equipments and one small issue of $10,000,000 1st 4s, 1974. There will also initially be $21,219,000 of Income 4½s, 2014, but this will immediately be reduced by operation of the sinking fund for 1940-1944 (½ of 1% of principal per annum). Also, the company will have considerable free cash, particularly if it gets a favorable tax settlement. at least a portion of which will probably be utilized for redemption of new 1st Mortgage bonds or for open market purchase of new Income bonds. Even without such additional bond retirements the total of fixed and contingent charges would be less than $1,500,000 a year, and total requirements ahead of the common would be less than $3,100,000.

Aside from the potentialities inherent in the present strong finances, which augurs well for further debt reduction, and the prospects of maintenance of peak traffic levels for some time to come based on war needs, rail analysts point to the favorable implications inherent in the basic changes that have taken place in the company's position in recent years. For one thing, the line has virtually been rebuilt during trusteeship, with heavier rail, and a considerable mileage of c.t.c. has been installed. Thus the road, in conjunction with the affiliated Denver & Rio Grande Western, which has also been rehabilitated physically during trusteeship, is in position to compete for fast transcontinental freight.

Of equal importance has been the development of entirely new traffic sources. One factor has been the construction of a connection with the Great Northern in northern California at a cost just about equal to the fixed mortgage debt the entire line is to carry after reorganization. Another factor has been the industrial growth in the western section of the country, and particularly the extensive steel mill facilities in the Provo, Utah, section. With all of these new traffic sources, and with efficiency vastly improved through property betterments and new equipment, it is expected that the property will emerge from the war on a permanently higher earnings base.

Situation Of Interest

Common and preferred stock of MacFadden Publications, Inc., offer interesting possibilities, according to a descriptive summary prepared by Bristol & Willett, 115 Broadway, New York City. Copies of this summary may be had from the firm upon request.

Seaboard
Railway Co.
New Securities
(When Issued)
Bought—Sold—Quoted

ERNST & CO.
MEMBERS
New York Stock Exchange and other leading Security and Commodity Exchs.
120 Broadway, New York 5, N. Y.
231 So. LaSalle St., Chicago 4, Ill.

SEABOARD AIR LINE
RAILWAY COMPANY
TRADING MARKETS
Old and New Securities
VAN TUYL & ABBE
72 WALL STREET
NEW YORK 5

C. A. Hartwig With Link, Gorman & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—Carl A. Hartwig has become associated with Link, Gorman & Co., Incorporated, 208 South La Salle Street Mr. Hartwig, who was recently with Strauss Bros., in the past was a partner in Brailsford & Co., and was manager of the trading department for Dempsey-Detmer & Co.

Walter Janney Dead

Walter C. Janney, head of the investment firm of Janney & Co., 1529 Walnut Street, Philadelphia, Pa., died at the age of 68. Mr. Janney began his business career in the leather business, but left it in 1911 to become associated with the investment banking firm of Montgomery, Clothier & Tyler. The firm's name was changed to Janney & Co. in 1921 and he was named President.

McLAUGHLIN, BAIRD & REUSS
Members New York Stock Exchange
BOND BROKERAGE SERVICE
Specializing in Railroad Securities
ONE WALL STREET NEW YORK 5
TEL. HANOVER 2-1355 TELETYPE NY 1-1310

We wish to purchase, ALL
SEABOARD AIR LINE
Underlying Bonds & Certificates
l. h. rothchild & co. *specialists in rails*
Members National Association of Securities Dealers, Inc.
52 wall street n. y. c. 5
HAnover 2-9072 tele. NY 1-1293

Vicksburg, Shreveport & Pac. Ry.
Common Stock
Adams & Peck
63 Wall Street, New York 5
BOwling Green 9-8120 Tele. NY 1-724
Boston Philadelphia Hartford

TRADING MARKETS IN
REAL ESTATE
SECURITIES
* * *
SHASKAN & CO.
Members New York Stock Exchange
Members New York Curb Exchange
40 EXCHANGE PL., N.Y. Digby 4-4950
Bell Teletype NY 1-953

TITLE CO.
CERTIFICATES &
MORTGAGES
Bought—Sold—Quoted
BENJAMIN, HILL & CO.
Members New York Stock Exchange
1 WALL STREET, N. Y.
DIgby 4-0964

Halsey Stuart Group Offer $155,000,000 Issue Of Commw. Edison

A nationwide investment banking group headed by Halsey, Stuart & Co., Inc., and comprising more than 160 members offered Oct. 18 $155,000,000 3% mortgage bonds, series L, due Feb. 1, 1977, of the Commonwealth Edison Co. of Chicago at 104¼ plus interest. It was announced yesterday by Halsey, Stuart & Co., Inc., on behalf of the syndicate that the issue met with immediate success and subscriptions were received in excess of the amount of the offering.

In addition, Commonwealth Edison Co. is issuing $25,000,000 of the same series of bonds to a group of insurance companies in exchange for a like amount of its outstanding series K bonds owned by these institutions, as an integral part of the company's $180,000,000 over-all financing program.

This financial operation marks the largest single piece of corporate financing to be undertaken under the Securities Act of 1933 and ranks as one of the largest flotations in the history of the country, having been surpassed only by railroad financing in 1921 by the offering of $230,000,000 Northern Pacific-Great Northern Joint 15-year (C. B. & Q. collateral) 6½% convertible gold bonds. The nearest approach of a utility issue was the disposal of $175,000,000 American Telephone & Telegraph Co. 25-year 3¼% debentures in October, 1936.

Proceeds from the sale of the bonds to be offered publicly, together with funds supplied by the company and its main subsidiary, the Public Service Co. of Northern Illinois, will be used to redeem all of Commonwealth's outstanding 3½% series I bonds, aggregating $98,000,000, and all of the $80,000,000 of Public Service's 3½% obligations outstanding.

Among the underwriters associated with Halsey, Stuart & Co., Inc., are: Harriman Ripley & Co., Inc.; The First Boston Corp.; Glore, Forgan & Co.; Harris, Hall & Co., Inc.; Lee Higginson Corp.; Blyth & Co., Inc.; Goldman, Sachs & Co.; Kidder, Peabody & Co.; Lehman Brothers; Mellon Securities Corp.; F. S. Moseley & Co.; Smith, Barney & Co.; A. G. Becker & Co., Inc.; Central Republic Co., Inc.; Alexander Brown & Sons; Clark, Dodge & Co.; Hornblower & Weeks; Stone & Webster and Blodget, Inc., and Union Securities Corp.

SPECIALISTS
in
Real Estate Securities
Since 1929
Seligman, Lubetkin & Co.
Incorporated
Members New York Security Dealers Association
41 Broad Street, New York 4 HAnover 2-2100

Real Estate Securities

By JOHN WEST

We Hear That—

New York Title C-2 will on or before Dec. 30, 1944 make a principal distribution of $30 to reduce each original $1,000 certificate to $830 and an interest distribution of 2½% on unpaid principal of each certificate. This means that for 1944 certificate holders will have received $90 in principal payments and about 4% as interest distributions as on June 30th, 1½% was paid. As of Jan. 1, 1944 the unpaid balance of each $1,000 original certificate was $920. These certificates could be purchased in the open market at that time at about 40 or a total cost of $368. The $60 principal payment already received in 1944 actually cost $24 at a price of 40. The return of this $24 original capital investment plus the differential of $36 is treated as an adjustment of the cost of the remaining unpaid principal of the certificate as shown by the following calculation. The additional $30 principal distribution to be made on or before Dec. 30, 1944 would be treated in a similar manner to reduce the cost.

Cost of $920 certificate at 40	$368.00
Less return of original cost of $60 principal payment at 40	24.00
	$344.00
Less excess over cost of $60 principal payment	36.00
Adjusted cost on $860 unpaid balance	$308.00
Current market value present $860 certificate at 48	412.80
Appreciation	$104.80

And in addition, interest payments for 1944 will total $34.70, which is better than a 10% return on the adjusted cost. Continued active real estate markets speak well for the liquidation of properties in this trust and for sizeable principal distributions which an investor can still buy at around a 50% discount.

80 Broad Street, Inc., will pay 4% interest on the outstanding funded debt on November 1st. This distribution will amount to $26 on each $650 unit. In addition, the trustee will ask for tenders to exhaust sinking funds of about $36,000 available for the fiscal year ended Aug. 31, 1944. This fund is nearly six times larger than the amount available for the previous year.

Hotel Governor Clinton, Inc., will have $41,000 available to be used by the Trustee as a sinking fund for the purchase and retirement of bonds. Although the statement for the fiscal year ended Aug. 31, 1944, has not been made available sinking fund indenture provisions require that 25% of surplus earnings above interest be used for bond retirement. On this basis, the other 75% of surplus earnings or approximately $123,000 would be available for other corporate purposes including payment of dividends on the stock.

40 Wall Street, Inc., has increased rent roll to the point that gross annual income is approaching $2,750,000 and that interest distributions next March may be as high as 2½%. Tax refunds received as a result of certorari proceedings will bolster income for the current period, although a part of such refund, about $50,000 will shortly be used by the Trustee to retire bonds through tender.

New Orleans Traders Elect 1944-5 Officers

F. P. Breckinridge

Robert M. Woolfolk

Frank Burkholder

NEW ORLEANS, LA.—At the annual election of the New Orleans Security Traders Association the following were named to serve for the ensuing year: President, F. P. Breckinridge, Whitney National Bank; Vice-President, Robert M. Woolfolk, Woolfolk, Huggins & Shober; Secretary-Treasurer, Frank Burkholder, Equitable Securities Corp.; National Committeemen, Jos. H. Weil, Weil & Arnold, and Walter D. Kingston, Lamar, Kingston & Labouisse; Alternate, Harold Dane, of John Dane.

P. M. Chandler Dies

Percy M. Chandler, head of Chandler & Co., Inc., 30 Rockefeller Plaza, New York City, and 1500 Walnut Street, Philadelphia, died at his home at the age of 71, after an illness of two months. Mr. Chandler studied law and was admitted to the bar, but left the legal profession for banking, forming Chandler Bros. & Co. with his brother. He remained with the firm until 1914 when he organized Chandler & Co., which became an important factor in the public utilities field.

"Your Dollar's Worth"

By HERBERT E. GASTON*
Assistant Secretary of the Treasury

Treasury Official Predicts That Large Export Trade Will Assist In Utilizing Our High Productive Capacity And Thus Aid In Reconversion, But He Points Out That "This Does Not Mean That Our Foreign Trade Can Be A One-Way Street," And We Need To Import More. Points To Treasury's Policy For Expanded World Trade And Removal Of Trade Barriers, And Holds That Although The Bretton Woods Agreements Are Not A Cure-All They Testify That The 44 Nations Desire To Work Together In The Economic And The Political Sphere.

Herbert E. Gaston

As we meet here today to discuss the foreign trade problems that we shall face after the war, none of us can fail to be acutely aware of the fact that the victory is not yet won, that the greatest battle in the world's history is being waged just around that bend in the earth and across a narrowing sea, and another of equal ferocity and even wider geographical scope is going on at the opposite curve of the earth.

These are the projects of the immediate present which take precedence over all others. None of us would wish to spare any energies that could possibly be devoted to advancing them. But, fortunately, our resources have been so well organized for war that we can look ahead toward the peace without taking anything from the war effort. In fact, we should be able to contribute to the purposes for which we fight, if we lay plans to organize the peace in such fashion

(Continued on page 1709)

---

*An address made by Mr. Gaston before the 31st National Foreign Trade Convention at the Hotel Pennsylvania, New York City, on Oct. 9, 1944.

"Our Reporter On Governments"

By JOHN T. CHIPPENDALE JR.

Following the announcement of the Treasury of the time and type of securities to be offered in the Sixth War Loan, the Government bond market, instead of turning quiet, as has been evidenced in the past, has been quite active, with considerable interest being evidenced in various sections of the list. . . . The partially tax-exempt obligations were in demand with the longer-term issues showing gains of about 4/32 following the improvement registered in these bonds in the previous 10 days. . . .

It is indicated that several institutions, in line with their own studies and the ideas being put forward by the dealers and others, have been adding to their holdings of these obligations, since it has been quite generally concluded that these securities are attractive for future tax purposes at present levels. . . .

It was reported that substantial purchases were made in the past week in the 2⅞% due 1955/60, the 2¾% due 1956/59, as well as the 2¾% due 1958/63 and the 2¾% due 1960/65. . . .

TAXABLES

The taxable issues have not been as active as the partially exempt obligations, but it is indicated that certain changes have been made in the holdings of these issues, and one of these exchanges reported is the sale of the 2% due 12-15-51/55 at 100 23/32 and the purchase of the 2% due 6-15-52/54 at 100 16/32. . . . Through the purchase of the latter issue, the maturity is extended only six months, while the premium is reduced by 6/32, and income is increased from 1.89% to 1.93%. . . . Another exchange reported is the sale of the 2% due 12-15-51/55 at 100 23/32 to yield 1.89% to the call date, and the purchase of the 2% due 9-15-51/53 at 100 23/32 to yield 1.88%. . . . It was pointed out that yield is practically unchanged, whereas maturity is shortened by three months. . . .

It was indicated that the feeling is that the 2% due 12-15-51/55 are out of line with the two other issues purchased, and the reason given for this is that the 2% due 12-15-51/55 are outstanding in much smaller amounts than the other 2% obligations which gives this issue a scarcity value that appears to be unwarranted and which results in these bonds selling out of line with comparable new maturities. . . .

Also, it was reported, that other holders of the 2% due 12-15-51/55 are considering the sale of these bonds and the purchase of the new issue of 2% due 12-15-52/54 to be offered in the Sixth War Loan, when the latter obligations become available to the banks, provided prices of the two issues show a spread of about 13/32 in favor of the 2% due 12-15-52/54. . . .

ANOTHER EXAMPLE

Another reinvestment that was reported to have been made recently was as follows:

	Recent Price	Yield to Call Date
Sold: 2½% due 3-15-52/54	104.0	1.92%
Bought: 2¼% due 6-15-52/55	102 2/32	1.95

It was pointed out that maturity would be lengthened only three months, while income would be increased from 1.92% to 1.95% and the premium account would be decreased by one point and 30/32. . . .

It was also learned that some institutions have been considering the following suggestion that has been made by some of the dealers:

	Recent Price	Yield to Call Date
Sell: 2% due 12-15-49/51	101.21	1.66%
Buy: 2% due 3-15-50/52	101.15	1.71

In this instance the yield to the call date would be increased,

(Continued on page 1712)

Post-War Interest Rates

(Continued from first page)

necessitate keeping this burden as low as possible, the more so since approximately two-thirds of the outstanding debt will be of the short-term or redeemable type, a portion of which will have to be converted sooner or later, thus automatically raising the interest charges.

Similarly, the solvency of the banking system will demand the maintenance at par of all government bonds in bank portfolios. Approximately 65% of the national debt is in the banks, including the savings and reserve banks. True, the majority of the portfolios consists of short-term paper which has no quoted market price. But the volume of medium and long-term issues in institutional portfolios is large enough to endanger the entire banking structure in case of a major depreciation.

The fact that the Treasury will stay in the red for years to come (after the war) is a further reason compelling it to maintain by all means the par value of its outstanding issues, if not to raise it. Otherwise, the sale of new bonds might encounter insuperable difficulties. Moreover, abandonment of the cheap money policy would have the consequence that the rates of the entire real estate credit structure would rise, a highly unpopular development, possibly calling for more housing subsidies.

Indeed, nothing much short of a stabilization of government bond prices can be in prospect in view of the fact that any rise of the interest rate might cause the colossal volume of savings bonds to be offered for redemption, and induce the banks to liquidate their vast holdings.

No Repudiation

Briefly the unique situation emerges that the fall in the market price of the government's obligations would have the effect of a federal debt-repudiation with consequences such as a prolonged bank holiday, breakdown of the bond market, and a choice between financial chaos or wholesale money-printing to avoid it. The remedy often used in the past to cure public over-indebtedness, namely, an open or concealed repudiation, cannot be applied under such circumstances, not even to the very limited extent of permitting a substantial decline of the price of outstanding bonds.

Incidentally, while New Deal propagandists emphasize now, as inflationists have done at all times, that an internal debt is less dangerous than an external one, the present case is a classical example to the contrary. If the national debt were held abroad, a default on it would affect foreigners. Such default is popular in debtor countries, in which the debt is owned by nonresident foreigners, and is often hailed as a patriotic measure. But when we owe the debt to "ourselves," then we hurt ourselves by defaulting on it. One drawback of an internal debt is the fact that it deprives the nation of its freedom to default.

But how can one maintain the price of a colossal debt especially if it continues to grow for some years, as it is expected to, and if substantial short-term portions are supposed to be converted into longer maturities?

The Controls

Control of the government bond market is exercised by inducements to institutions (such as eligibility for rediscount) and pressures on them, thus creating a vast outlet. In war-time, patriotic appeal to the public greatly extends the outlet.

Pressures and inducements receive their basic support by the open market operations of the Reserve System, which have increased the central bank's portfolio from less than $3 billions to well over $15 billions at present. That's the final secret of this stabilization: that any amount not absorbed by the public or by institutions is taken up by the Federal Reserve Banks. But this process will have to be stopped at some point, so as to avoid a runaway price inflation.

By that time, a substitute might have to be resorted to, namely, the freezing of portfolios. As it is, bank portfolios **are** "frozen": they are not supposed to, and couldn't be liquidated to any major extent. This status will have to be consolidated in a permanent fashion. That may be done by legal compulsion or by voluntary agreement, but it will have to be done since neither repayment of the debt nor unloading on the central bank or on the public is feasible.

Of course, the "freezing" of portfolios need not become visible at all if the banks do not try to liquidate their holdings. Such would be the case in a depression. But the trouble is that we are facing the possibility of an inflationary boom in which the demand for bank credit may reach new heights, and might do so at much more attractive rates on commercial loans than the return on governments. Under such circumstances, some form of freezing would become unavoidable.

Similarly, there will be no difficulty in the way of redeeming savings bonds as they are presented—so long as the sale of new bonds does not lag substantially behind the demand for redemption. But any attempt of the public to cash in on a large scale will create embarrassing problems and compel the Treasury to choose between more or less undesirable alternatives.

Of course, it will all depend on the amount of bonds presented for redemption and on the use the public makes of the proceeds. If it merely takes out the money from the Treasury and shifts it promptly to deposit or savings accounts, the government can pay with the one hand to the public and borrow with the other from the institutions which receive the deposits. The problem reduces itself to one of time-lag, and it may or may not be difficult to bridge it over.

This much is certain: that the paying out of savings bonds in cash could only be done by recourse to the Federal Reserve System, raising its portfolio in proportion, and threatening to flood the economy with fresh money. The danger of a runaway inflation would become so serious as to prohibit this procedure. Nor is it very likely that the Administration and Congress would embark light-heartedly on "freezing" the outstanding volume of small bonds and arousing the ire of millions of investors. It is more likely that if the situation becomes acute, attempts will be made to straighten it out by patriotic appeals to the investors and by the offer of exchanging its savings certificates against long-term bonds with higher yield (or with some tax exemption feature).

But that brings us back to the problem of interest rates. If we have to offer the public a higher yield bond, doesn't that mean raising the rates all around? Of course, the new bond will have a higher rate; but the old one has to be kept at the low rate, as before, for the reasons indicated above. It is a characteristic of Managed Money that it permits the breaking up of the capital market into non-communicating sectors. This will be accomplished as it is practically accomplished at present, by restricting the sale of the higher yield bond to the public and making it unavailable to banks and other institutions. Thereby, the market is virtually broken into two parts with widely different interest rate structures—even more so than at present when a 2.9% rate prevails for a non-marketable paper with 60 days' redeemability, and a less than 1% rate for a comparable paper eligible for bank portfolios.

Lastly, the government bond market might be supported also by SEC and Federal Reserve regulations to limit any such credit expansion that would jam the outlet for governments. That Regulation W is to be continued after the war, has been announced by Chairman Eccles, thus limiting the volume of personal loans and finance company paper available to the banks. The flow of credit through other commercial channels may be restricted too, and new corporate bonds may be controlled at the issuing end by the SEC as well as the receiving end by bank examiners.

The Fallacy of Equalizing Rates

Urgent national and fiscal interest to hold the "bond line," plus the ability to do so, add up to one thing only. Even in an inflationary boom, we are bound for practically the same medium- and long-term rates on government paper as at present, notwithstanding the likelihood that profits and commercial credit rates may rise in a spectacular fashion. This contradicts the "classical" or commonplace approach, according to which the return on capital **tends** to be the same on all investments of the same quality, security and marketability. Those who apply this apparent logic to realities, and keep on predicting falling government bond prices, merely prove, (a) that they don't understand the theory, and (b) that they don't visualize the new set-up of the capital market under which we labor. Even under "normal" conditions, the theory merely implies a long-term trend, the validity of which is very doubtful since it assumes an economy without business cycles, and with an unhampered capital market. When the latter is under government control, and when extraordinary swings of prospective appreciations or depreciations affect investment values, all theories about a long-term trend toward a uniform interest rate are meaningless, as is the assumption of a homogeneous capital market.

Credit Bonds

The combination of Cheap Money and Full Employment necessarily carries all bonds to par or above. The artificially low interest rate level creates a vacuum from the point of view of institutional investors who are driven by the urge for higher yield to so-called lower grades, which in turn rise in rating as their prices go up. Full employment means, of course, sufficient earnings to carry fixed charges. The process continues unabated, covering most low-grade bonds as well as the bulk of preferred stocks. Especially so, in view of enhanced corporate liquidity, conversion of outstanding debts to lower rates, successful reorganizations, mergers and capital realignments.

How far this process of corporate bond and preferred stock appreciation can go depends on the post-war cycle. "Normally," it might be interrupted by a short "recession" that should follow the war as a consequence of reduced federal deficits. Since practically every dollar of our deficit adds that much or more to the current national income, a cut in the deficit means not only the disappointment of bullish expectations, but actually a decline of the national income, especially also of labor income.

However, if any such intermezzo of post-war adjustments, with adverse effects on employment, should occur at all, it is not likely to reach substantial proportions or to last more than a matter of weeks. War expenditures may be sharply reduced, but the rapid liquidation of outstanding war contracts will take care of the maintenance of the deficit for the transitional period. No doubt, the inflationary fire will be fanned by substantial unemployment doles for munitions workers, by most generous benefits to members of the armed forces, by subsidies to farmers and others, by international spending and lend-lease, by tax carry-overs, possibly also by "incentive" tax reductions. Under such circumstances, the pent-up demand of individuals and corporations for capital goods is bound to burst into the open, unloading much of the vast volume of accumulated liquid savings. Postponed municipal improvements and even Federal public works will soon get under way, too, so as to take up any possible slack of employment. Temporarily, falling raw material prices are in prospect, but they will be checked by subsidies and international cartels, and by keeping the excess inventories of the Government from the markets.

All symptoms — economic and psychological, legislative and administrative, national and international—indicate a continuation of the war-time full employment into an inflationary boom with little or no interruption to be "feared." But how will such a boom affect the interest rates for **new** corporate **issues**, and therefore the price of the outstanding ones as well? The answer is that inflation is not a straight-line process—it always has two phases at least. So long as commodity prices lag behind the rising volume and/or velocity of purchasing power, so long more monetary inflation means as a rule: increased liquidity of the money market. At the early stages of a price inflation, interest rates tend to remain low. It is only after commodity prices and capitalized values have caught up with the credit expansion that a "capital shortage" becomes visible and interest rates begin to climb. But it may take many months, possibly a few years before such a stage is reached. By that time, interest rates will be upward bound.

To sum up: A vast National Debt is the price we pay for forcing full employment upon the economic system; and cheap money is the condition which enables us to do so. It is important to visualize this correlation between full employment, large deficits and low interest rates. The second is necessary to create the first, and the third keeps the second from becoming "top-heavy." So long as we continue injecting deficits into the economic body, employment cannot fall off. And so long as our political philosophy will demand the maintenance of full employment, deficits and cheap money will be with us.

These considerations should have a definite bearing upon investment policies. They imply the conclusion that in the kind of economic system we are establishing (for awhile) credit risks affecting bond values may virtually vanish.

Attractive Investment

The Public National Bank and Trust Company of New York offers an attractive investment, according to a memorandum on the Sept. 30th, 1944 statement of the bank, which is being distributed by C. E. Unterberg & Company, 61 Broadway, New York City. Copies of this interesting memorandum may be had from the firm upon request.

Fashion Park Attractive

A detailed study of Fashion Park, Inc., is contained in a special circular prepared by Simons, Linburn & Co., 25 Broad St., New York. Copies of this interesting study may be had from the firm upon request.

ADVERTISEMENT

NOTE—*From time to time, in this space, there will appear an article which we hope will be of interest to our fellow Americans. This is number fifty-eight of a series.*

SCHENLEY DISTILLERS CORP., NEW YORK

"In-Plant" Feeding

Surprising what a lot of interesting "scenery" can be discovered off the "main line"! We mean, even though our own varied enterprises in the SCHENLEY business, including our research laboratories in Lawrenceburg, Indiana, are replete with interesting phases, it does us good once in a while to stray from our particular job and see what the other fellow is doing.

So we had an opportunity recently to become acquainted with one of the most amazing industrial developments of this wartime period. We got an introduction to "in-plant" feeding operations. In-plant feeding, of course, means eating on the job—where war workers are encouraged to eat wholesome and appetizing food within the very shadows of their lathes, drills and drawpresses.

In 1940 only an insignificantly few workers had their lunches on the job and now it is estimated that approximately seven million workers are supplied with food by the establishment of restaurants and cafeterias at accessible points within a plant and by mobile units that transport hot, nutritious food to designated stations in many departments of a plant.

Three Government Agencies, the War Manpower Commission, the War Food Administration and the War Production Board, are vitally interested in this new industrial service and by the end of 1944 they hope to have at least twelve million workers eating their lunches in the plants where they are employed.

Of course, prior to Pearl Harbor there was little need for such projects, but the urgent cry for "more planes . . . more tanks . . . more guns" made the problem of properly feeding workers a vital and a pressing one.

As you know, in many places lunch hours, of necessity, were shortened. Large war working plants, sprawling over considerable acreage, made it inconvenient and frequently impossible for employees to visit outside restaurants. With typical American ingenuity—the problem was solved.

Smoothly, without confusion, these "in-plant" feeding units work. No dish-washing of course; no broken china; and excellent sanitation. Paper cups and containers are used.

This writer had the privilege of partaking of one of these "in-plant" lunches—excellent food and plenty of it, at surprisingly low cost!

Wartime certainly makes for resourcefulness, doesn't it?

MARK MERIT
of SCHENLEY DISTILLERS CORP.

FREE—*Send a postcard or letter to Schenley Distillers Corp., 350 Fifth Ave., N. Y. 1, N. Y. and you will receive a booklet containing reprints of earlier articles on various subjects in this series.*

Interesting Air Situations

Mid-Continent Airlines, National Airlines, and Northrop Aircraft offers attractive possibilities, according to circulars just issued by J. F. Reilly & Co., 111 Broadway, New York City. Copies of these interesting releases may be had from the firm upon request.

Charles A. Parcells & Co.
Established 1919
Members Detroit Stock Exchange

Michigan Markets

639 Penobscot Building
DETROIT 26, MICH.

Telephone Randolph 5625
Teletype DE 206

We Are Interested in Buying

International Detrola

Wm. C. Roney & Co.
Members New York Stock Exchange
812 BUHL BUILDING
DETROIT 26, MICH.
Teletype DE 167
Phone Cherry 6700

Michigan Brevities

Standard Accident Insurance Company has announced that at a meeting of stockholders investment of $2,500,000 in the stock of a new fire insurance company to be wholly owned and operated, was approved.

The stockholders also approved the issuance of 175,938 shares of common and the offering to stockholders of the right to subscribe to it at $10 a share on the basis of one share for each share held. Transferable warrants will be issued as soon as clearance is received from the SEC.

* * *

A fight for control of the Detroit Paper Products Co. ended in victory for an Indianapolis group which represented big paper interests and left minority stockholders wondering where they'll wind up.

Stockholders of the Detroit firm had voted down a proposal to sell the company to the group with majority interests garnering 67% of the vote against 75% needed for approval.

Later in the week the company was taken over by the simple method of buying up large blocks of stock in private sales.

* * *

King Seely Corporation of Ann Arbor has acquired the controlling interest in Central Specialties of Ypsilanti.

Preliminary arrangements have been made with Watling, Lerchen and Company of Detroit for issuing the new capital stock of King Seely to provide additional working capital for expanded operations.

Central Specialties makes plumbing fittings and gray iron castings for the leading auto and power tool firms.

* * *

Personnel Changes: Harry F. Vickers, President of the Vickers division, was named a Vice-President of the parent Sperry Corporation. . . . William A. Mara, former sales manager of the Stinson Division of Consolidated Vultee, has joined Bendix Aviation. . . . Clifford Sorensen, son of Charles E. Sorensen, President of Willys, is Vice-President of F. L. Jacobs. . . . and Van M. Darsey has been promoted to the Presidency of Parker Rust Proof.

* * *

At the annual meeting of the Security Traders Association of Detroit and Michigan, Don W. Miller, of McDonald Moore and Company was elected President.

Other officers are Paul Moreland, of Allman, Moreland & Co., Vice-President; Harold R. Chapel, Crouse, Bennett, Smith and Company, Secretary; and Alonzo C. Allen, Blyth & Co., Treasurer.

Ray O'Donnell, of R. C. O'Donnell Company, was elected Chairman of the Program Committee; Ray E. Davis, of E. H. Rollins & Sons, Chairman of the Membership Committee; and Ray Bernardi, of Cray, McFawn & Co., the retiring President, becomes Chairman of the Arbitration and Ethics Committee.

The above officers and Committee Chairmen constitute the Board of Directors.

Other appointments were Frank P. Meyer, of First of Michigan Corporation; John K. Roney, of William Roney & Co., and C. Edwin Mercier, of Mercier, McDowell and Dolphyn as National Committeemen. Alternates are H. Russell Hastings, of H. R. Hastings & Co.; A. Buell Quirk, of M. A. Manley Co., and Neil DeYoung, of DeYoung, Larsen and Tornga.

The newly elected officers announced that they are contemplating a more active program with monthly conference and discussion meetings for members only in addition to the customary spring and fall dinners. A membership drive is also being planned.

* * *

The Detroit Stock Exchange is sponsoring a window display in the Fort Street side of the Penobscot Building, in which the Exchange is located.

The displays will be changed from time to time and will feature products of companies whose stock is listed on the Exchange.

Initial window was culture of Penicillin and the handling of blood plasma by the Parke Davis Company.

Seaboard Of Interest

Sutro Bros. & Co., 120 Broadway, New York City, members of the New York Stock Exchange, have prepared an interesting arbitrage circular on Seaboard Air Line Railway Co. Copies may be had from the firm upon request.

NY Bank Stocks Compared

Laird, Bissell & Meeds, 120 Broadway, New York City, members of the New York Stock Exchange, have prepared a detailed comparison and analysis of New York City Bank Stocks as of Sept. 30, 1944, copies of which may be had from the firm upon request.

National Stamping Co.
Report furnished on request

MERCIER, McDOWELL & DOLPHYN
Members Detroit Stock Exchange
Buhl Bldg. Cadillac 5752
DETROIT 26

L. A. Darling Co.
An Excellent Past Record and Exceptional Post-War Prospects

Circular on Request

Allman, Moreland & Co.
Member Detroit Stock Exchange
1051 Penobscot Building
DETROIT 26, MICH.
Teletype DE 75
Battle Creek Lansing

Chicago Stock Exch. Memberships Increase

CHICAGO, ILL.—The purchase of the sixth membership in two weeks on the Chicago Stock Exchange was arranged Oct. 10, it was announced by Kenneth L. Smith, President of the Exchange. The purchase price was $3,600, unchanged from recently announced transactions.

Mr. Smith, in commenting on the purchase, said, "On Sept. 12, 1944 the Board of Governors of the Exchange authorized the sale of five memberships held in the treasury of the Exchange. The Boards' action called for the sale of these memberships only to established and strongly financed investment houses."

Mr. Smith added, "Upon the election of these recent purchasers to membership the aggressive policy of the Board of Governors to broaden the base of firm and corporate memberships on the Exchange will have reached a peak not equaled since 1932. There have been 42 purchases of memberships during 1942, 1943 and 1944."

Mr. Smith further added, "The Chicago Stock Exchange membership has broadened outside Chicago, particularly in the Middle West. Many of the most substantial firms and corporations in Illinois, Wisconsin, Missouri, Minnesota, Indiana and other adjacent States have joined the Chicago Stock Exchange with the avowed purpose of constructing a strong Middle West market-place. The natural flow of buying and selling orders that is developing from these new memberships will broaden the markets of the Chicago Stock Exchange."

Ray E. Davis Dead

Ray E. Davis, manager of the Detroit office of E. H. Rollins and Sons, investment firm, died after a two months' illness. He was 50 years of age and made his home in Huntington Woods, Royal Oak.

Born in Freedom, N. Y., he was a graduate of the University of Michigan and served in World War I, being honorably discharged in July, 1919, as a First Lieutenant after serving overseas for 12 months with the 78th Division.

He had been active in the securities business in Detroit for the past 20 years and was a director of the Security Traders Association of Detroit and Michigan. He was also a founder and member of Hammond-Gray Post, American Legion, at LaPorte, Indiana, the F. and A. M. Lodge of Arcade, N. Y., the Pine Lake Country Club, and the Sojourners Club of Detroit.

Situations Interesting In Conn. Companies

Chas. W. Scranton & Co., 209 Church Street, New Haven, Conn., members of the New York Stock Exchange, have prepared memoranda on Acme Wire Co.; Veeder-Root, Inc.; Scovill Mfg. Co.; Arrow-Hart & Hegeman Electric Co.; Landers, Frary & Clark, and United Illuminating Co., Connecticut situations which appear attractive at current levels. Copies of these memoranda may be had from Chas. W. Scranton & Co upon request.

Bright Possibilities

Giant Portland Cement is a low-priced stock in an industry with a bright future and offers interesting possibilities, according to a circular prepared by Lerner & Co., 10 Post Office Square, Boston, Mass. Copies of this circular may be had from Lerner & Co. upon request and also a circular on Riverside Cement class A which the firm believes is an outstanding cement stock with a dividend arrearage.

Acme Wire Co. **Arrow-Hart & Hegeman Elec. Co.**
Veeder-Root, Inc. **Landers, Frary & Clark**
Scovill Mfg. Co. **United Illuminating Co.**
Markets and memoranda on these Connecticut companies available on request

CHAS. W. SCRANTON & CO.
NEW HAVEN
New London Waterbury Danbury
Members N. Y. Stock Exchange

Connecticut Brevities

The Silex Company of Hartford has announced the purchase of the Canadian Silex Company, Ltd. of St. John's, Quebec, for approximately $175,000. The late Frank E. Wolcott, President of the Silex Company, was the sole owner of the Canadian Company.

The Company is negotiating for the purchase of presently leased property in Circleville, Ohio.

The War Production Board has authorized the company to resume production of automatic electric steam irons, the quota for the month of November being 5,000.

Subject to the approval of the Securities and Exchange Commission, 82,000 shares of the stock belonging to the estate of Frank E. Wolcott will be sold to the public. The transaction will involve some $1,300,000. At the present time, of the 215,000 shares outstanding, only 50,000 are in the hands of the public.

* * *

Eastern Malleable Iron Company of Naugatuck recently acquired Frazer and Jones Company of Syracuse, N. Y., through purchase of all the outstanding stock. Frazer and Jones, whose capital and surplus approximate $500,000, has been in the foundry business about a century.

* * *

The Darlington, R. I., plant of the Hamilton Standard Propellers Division of United Aircraft of East Hartford, will gradually remove production lines and be closed down by the end of the year after completing its war contracts.

This was the most recently established of the branch plants and having successfully served its purpose in meeting the peak wartime demand, it is no longer needed to fulfill schedules.

It is expected that the 600 workers will be transferred to the company's plants at East Hartford and Norwich.

* * *

Danbury and Bethel Gas & Electric Light Company has called for redemption on February 1, 1945, the entire issue of 6% series A bonds due Aug. 1, 1948.

* * *

Nine months earnings for two of our state banks show a considerable increase over the corresponding period in 1943.

The Hartford - Connecticut Trust Company showed earnings of $4.94 a share against $3.65 in 1943, while the Phoenix State Bank & Trust Company for comparable periods showed $21.66 and $14.49, respectively.

In its statement of Sept. 30, 1944, the Hartford - Connecticut Trust Company showed total assets of $102,422,136 as compared to $108,288,887 a year ago. There was an increase in loans and discounts and in U. S. Government securities, while cash and due from banks was lower by $11,553,682. Total deposits showed a decline of some $6,510,100. Undivided profits were up $430,102.

Book value per share was $50.19 against $47.50 as of the end of September, 1943.

The Phoenix State Bank & Trust Company in its balance sheet of Sept. 30, 1944, showed total assets of $77,810,567, which was $11,927,242 less than a year ago. Deposits of $72,558,384 were off $12,159,813. The bank has undivided profits of $1,224,893 which represents a gain of $220,142.

Book value of $276.56 per share compares with $262.80 in 1943.

* * *

The Stamford Water Company of Stamford is currently offering to purchase its outstanding first mortgage 5% bonds due July 1, 1952, from the bondholders at their principal amount plus a premium of $294.48 per $1,000 of principal amount, and accrued interest to Oct. 31, 1944. At this price the yield is approximately 1.00% to maturity. Total payment per $1,000 bond, including accrued interest, amounts to $1,311.15.

The offer expires Nov. 1, 1944. Bid prices for the year ranged between 121 and 122.

* * *

The Hayes Manufacturing Company of Grand Rapids has made an offer to purchase the common stock of the Farrel-Birmingham Co. This latter company is the result of the merger of the Farrel Foundry and Machine Co., established in 1848 and the Birmingham Iron Foundry founded in 1836, representing two of the oldest machinery manufacturing concerns in the East.

Plants are now operated in Ansonia and Derby, Conn., and in Buffalo, N. Y.

TIFFT BROTHERS
Members New York and Boston Stock Exchanges
Associate Members New York Curb Exchange

Primary Markets in
Hartford and Connecticut Securities

Hartford 7-3191

New York:
BOwling Green 9-2211

Bell System Teletype: HF 365

Cooley & Co. Adds Gaerste

(Special to The Financial Chronicle)

HARTFORD, CONN. — John L. Gaerste has joined the staff of Cooley & Company, 100 Pearl Street, members of the New York Stock Exchange. Mr. Gaerste was previously with Tucker, Anthony & Co.

Attractive Possibilities

Lukens Steel common and Western Light & Telephone common offer attractive possibilities, according to memoranda issued by Buckley Brothers, 1529 Walnut Street, Philadelphia, Pa., members of the New York Stock Exchange and other national exchanges. Copies of these memoranda may be had from Buckley Brothers on request.

Deflation In Prospect For 1945

"Deflation rather than inflation will dominate the economy in 1945," according to Dr. Robert C. Shook, Vice-President of the International Statistical Bureau, Inc. Members of the Tanners' Council of America, who held their 28th annual meeting at the Waldorf-Astoria on October 12th, were told that the history of sharp price advances such as followed the last war would not be repeated.

"No industry or individual can escape the effects of heavy war contract cancellations in the near future," continued Dr. Shook. "Business profits and individual incomes will decline. Purchasing policies will reflect not only the deterioration of supply-demand relations but also a less optimistic psychology. Wide-scale modifications of government controls will have to be made as the transition from war to peacetime operations gets under way.

"Industry's success in meeting unbelievably high wartime goals has generated a confidence in the future that may be somewhat misplaced. Wartime production records would have been impossible without complete conversion, a fact which emphasizes the problem of reconversion. Wartime production records also measure the great increases in productive capacity and raw material supplies that have occurred.

"Price movements during reconversion will be varied. Some commodities have been held down by ceiling prices, while others already require strong support. Agricultural prices are relatively high. By summer or fall of next year, sharp price declines should be under way. Somewhat higher prices for finished items not produced during the war will be an offsetting factor. Dr. Shook emphasized the belief that the general price level would show small declines in 1945.

"Business now is greatly concerned with the elimination or easing of government controls. Limitation of civilian output will be dropped very quickly once munitions contracts are reduced by 40%. The life of OPA, however, extends to the middle of next year, and its renewal is a political question. Public reaction against rationing is likely to be strong. Many business groups, however, support a continuation of price controls for some time. To some extent, this reflects the belief that history will repeat itself, and that there will be a rapid price advance like the one that reached a peak in 1920.

"Imported commodities involve a special problem. If domestic demand falls enough after the European war ends so that imports are no longer needed, then it would hardly seem that price controls would be necessary. If the domestic market still depended on imports, however, price ceilings might prevent them from coming in. Speculative holding of Latin American raw materials has already been reported. American importers have already encountered difficulties in operating in foreign markets under domestic price ceilings. Dr. Shook expressed the view that these problems would become more rather than less intense after the European war ends.

"There seems to be a tendency at the moment to take wartime distortions as a matter of course. The public at large and even businessmen have become so accustomed to the enormous rate of wartime production, that views about the future, when the economy will depend more heavily on private investment, are colored by developments of the past year or two, when events have been dominated by government spending. Government spending for war now duplicates, every ten weeks, the total amount spent for the last war. The increase in raw material capacity closely approximates the raw material capacity available at the time of the last war. Expansion in plant capacity has been equally sensational. These tremendous increases in potential output have a direct bearing on the question of continuing government controls once cutbacks become widespread."

Mississippi Valley Group Of IBA Meets

ST. LOUIS, MO.—The annual meeting of the Mississippi Valley Group of the Investment Bankers Association of America was held Oct. 18, 1944, at the Jefferson Hotel, St. Louis. Various committee reports and the report of the Secretary-Treasurer, Garfield J. Taussig, was received and the election of officers and the Executive Committee for the year 1944-1945 held.

The Nominating Committee proposed the following slate: John A. Kerwin, Kerwin, Fotheringham & Co., Inc., Chairman; Garfield J. Taussig, Taussig, Day & Company, Inc., Vice-Chairman; Chapin A. Newhard, Newhard, Cook & Company, Secretary-Treasurer. Members of the Executive Committee: Harry Theis, Albert Theis & Sons, Inc.; H. Frederick Hagemann, Jr. The Boatmen's National Bank (both ex-officio); William P. Sharpe, Mercantile-Commerce Bank & Trust Co.; Jerome F. Tegeler, Dempsey, Tegeler & Company; Bert H. Horning, Stifel, Nicolaus & Co., Inc.; Benj. F. Frick, Jr., Stix & Company; Oscar H. Wibbing, O. H. Wibbing & Company, all of St. Louis, and J. C. Lancaster, Union Planters National Bank & Trust Co., Memphis, Tennessee.

Phila. Banks Plan Business Credit Fund

Plans for the formation of a $10,000,000 bank credit fund, by a group of Philadelphia banks, to provide an additional source of credit for small and medium-sized businesses in the reconversion and post-war periods, were announced today by Evan Randolph, President of the Philadelphia National Bank, and Chairman of the committee organizing the group. These plans are now being considered by the managements of several of the larger banks in Philadelphia and will be submitted shortly to all of the banks in the city.

"Formation of this credit group," said Mr. Randolph, "is a sincere effort on the part of banks to lend every financial assistance to the businessman during the days when business enterprises must be reconverted from a wartime to a peacetime basis.

Officials of each bank which becomes a member of the group will serve jointly on a loan committee to consider the merits of each loan application, and every effort will be made to provide ways and means to accommodate the applicants.

The bank credit group will serve the entire Third Federal Reserve District, comprising, in addition to Philadelphia, that portion of Pennsylvania east from about Johnstown; New Jersey south from Trenton, and the entire State of Deleware.

Attractive Situations

Common and 6% cumulative convertible preferred of the American Bantam Car and Panama Coca-Cola offer attractive situations according to circulars issued by Hoit, Rose & Troster, 74 Trinity Place, N. Y. City. Copies of these circulars may be had from the firm upon request.

A Strategic, Growing Air Line Flying
"The Valley Level Route"
And Bisecting Every Transcontinental Air Carrier
CHICAGO and SOUTHERN AIRLINES
Analysis on Request
SCHERCK, RICHTER COMPANY
Landreth Building
St. Louis 2, Mo.
Bell Teletype SL 456
Garfield 0225 L. D. 123

Missouri Brevities

Recent Underwriting Activities

Several Missouri dealers were members of the underwriting group headed by **Halsey, Stuart & Co., Inc.** which purchased the **$300,000,000 Arkansas Power & Light Company, First Mortgage 3⅛s due 1974.** Included were **Stern Brothers & Co., of Kansas City** and **Metropolitan St. Louis Company, Newhard, Cook & Co., Reinholdt & Gardner, I. M. Simon & Co.,** and **Stifel, Nicolaus & Co.,** all of **St. Louis.**

Van Alstyne, Noel & Co. and **Kobbe, Gearhart & Company** of **New York** headed an underwriting group, including **Newhard, Cook & Co.** of **St. Louis** which offered **225,000 shares** of **Allen B. DuMont Laboratories, Inc., Class A Common Stock** at $7.375 per share.

O. H. Wibbing & Co. of **St. Louis** were members of an underwriting group headed by **Brailsford & Co.** and **Shillinglaw, Crowder & Co., Inc.,** of Chicago offering **150,000 shares** of **Electronic Laboratories, Inc., Common Stock** at $5 per share.

Kidder, Peabody and Company and **Drexel and Company** headed a banking group offering **$23,735,000 General Mortgage 3⅜s due 1975** of the **Pittsburgh, Cincinnati, Chicago and St. Louis Railroad** at 102. Included among the underwriters were **G. H. Walker & Company** and **Newhard, Cook and Company** of **St. Louis.**

Falstaff Brewing Corporation Expansion Program

Falstaff Brewing Corporation of **St. Louis** has announced a post-war expansion and rehabilitation program for its plants at Omaha, New Orleans, and St. Louis. Planning and execution of this program will be under the supervision of **Harvey Beffa, Vice-President.** Stock of the company is listed on the New York Curb and St. Louis Stock Exchanges.

Cragin & Trimble Now With Slayton & Co.

(Special to The Financial Chronicle)

ST. LOUIS, MO. — John H. Cragin and J. L. Trimble have become associated with Slayton & Co., Inc., 111 North Fourth Street. Mr. Cragin was formerly proprietor of the Cragin Investment Co. in Joplin, Mo. Mr. Trimble was with Prugh, Combest & Land, Inc. in Kansas City.

St. Louis Traders To Hold Meeting, Election

The annual election and dinner of the Security Traders Club of St. Louis will be held Nov. 9, 1944, according to an announcement by Elmer F. Barkau, Secretary. The following slate has been presented to the members: Joseph G. Petersen, Eckhardt-Petersen & Co., President; Walter C. Haeussler, Paul Brown & Co., First Vice-President; Mel Taylor, Semple, Jacobs & Co., Second Vice-President; E. Ken Hagemann, G. H. Walker & Co., Third Vice-President; Herman J. Zinzer, Dempsey, Tegeler & Co., Secretary; Robert M. Guion, Newhard, Cook & Co., Treasurer; George M. White, White & Co., National Committeeman.

Joseph G. Petersen

The nominating committee consisted of Dumont G. Dempsey, of Newhard Cook & Co.; Ralph C. Deppe, of Edward D. Jones & Co., and Lester W. Knickmeyer, of Albert Theis & Sons.

Airline With A Future

Chicago and Southern Airlines, Newhard, Cook & Co.; Ralph C. "The Valley Level Route" and bisecting every transcontinental air carrier, offers attractive possibilities according to an analysis prepared by Scherck, Richter Company, Landreth Building, St. Louis, Mo. Copies of this analysis may be had from Scherck, Richter Company upon request.

Pickering Lumber Corporation
Common
Circular on request
WHITE & COMPANY
Mississippi Valley Trust Bldg.
ST. LOUIS 1, MO.
Coast to Coast Wire System

STIX & CO.
INVESTMENT SECURITIES
509 OLIVE STREET
ST. LOUIS 1, MO.
Members St. Louis Stock Exchange

Anheuser-Busch, Inc. Capital
Fulton Iron Works
Common - Preferred - Bonds
St. Louis Public Service
Income 4s & 1st 5s Class "A" Com.
Seven Up Bottling Co.
of St. Louis
Jefferson Hotel
Common - Preferred - Bonds
STIFEL, NICOLAUS & CO.
INCORPORATED
1890 1944
St. Louis Chicago

St. Louis
•
Peltason, Tenenbaum Co.
803 Landreth Bldg.
ST. LOUIS 2, MO.
Teletype—SL 486 L. D. 240

Fast and accurate Markets in all
ST. LOUIS SECURITIES
Direct Private Wire to New York and Providence Offices
G. H. Walker & Co.
Members New York Stock Exchange and Other Principal Exchanges
503 Locust Street
ST. LOUIS 1, MISSOURI
Teletype SL 84 Tel. Central 0838

We Are Interested In:
St. Louis Bank Stocks
and
Pickering Common
Lasalle Hotel, Beaumont, Texas
Metropolitan St. Louis COMPANY
INVESTMENT SECURITIES
718 Locust Street
Saint Louis 1, Mo.
Central 8250
L. D. 208 St. L. 499

Attractive Situations

Ward & Co., 120 Broadway, New York City, have prepared circulars on several situations which currently offer attractive possibilities, the firm believes. Copies of these circulars, on the following issues, may be had from Ward & Co. upon request.

Du Mont Laboratories "A"; Merchants Distilling; General Instrument; Great American Industries; Massachusetts Power & Light $2 preferred; Majestic Radio; Magnavox Corp.; Electrolux; Brockway Motors; Scoville Mfg.; Bird & Sons; Cons. Cement "A"; Riley Stoker; Alabama Mills, Inc.; and H. & B. American Machine preferred.

National Candy Company
Common Stocks
Listed on St. Louis Stock Exchange
O. H. WIBBING & CO.
Members St. Louis Stock Exchange
319 North Fourth Street
Saint Louis 2
Teletype SL 158 L.D. 71

INSURANCE & BANK STOCKS
Bought — Sold — Quoted
ANALYZED - REVIEWED - COMPARED
Special Bulletin and Booklet Service to Dealers & Brokers
Trading daily 7 a. m. to 5 p. m. (P. C. T.)
Inquiries invited. Orders solicited.
BUTLER-HUFF & CO.
OF CALIFORNIA
210 West 7th St., Los Angeles
PRIVATE WIRES
New York - Chicago - San Francisco - Seattle
TELETYPE L. A. 279 - L. A. 280

Bank and Insurance Stocks

This Week—Bank Stocks

By E. A. VAN DEUSEN

Earnings of New York City banks in the third quarter of 1944 show a substantial gain, in most instances, over earnings in the third quarter of 1943. Thus, the steady upward trend in the earnings of leading Wall Street banks, which started in 1938, continues unabated.

The accompanying tabulation shows third quarter and nine months earnings per share for 1944 vs. 1943.

	Third Quarter		Nine Months		
	1943	1944	1943	1944	Increase
Bank of Manhattan	$0.36	$0.55	$1.02	$1.45	42.2%
Bank of New York	6.23	7.97	18.28	21.23	16.1
Bankers Trust	0.76	1.05	2.40	2.97	23.8
Central Hanover B. & T.	1.50	1.50	4.05	4.30	6.2
Chase National	0.93	0.73	*1.56	*1.85	18.6
Chemical Bank & Trust	0.74	0.84	*2.17	*2.65	22.1
Commercial N. Bank & Trust	0.96	1.18	2.57	3.26	26.8
Continental Bank & Trust	0.53	0.59	1.37	1.50	9.5
Corn Exchange Bank & Trust	0.94	0.99	2.65	2.91	9.8
First National	21.85	25.79	71.68	83.81	16.9
Guaranty Trust	5.36	5.65	*13.73	*13.93	1.5
Irving Trust	0.20	0.27	0.58	0.77	32.8
Manufacturers Trust	1.12	1.28	3.29	3.58	8.8
National City	*0.60	*0.66	*1.68	*1.93	14.8
New York Trust	1.60	1.93	4.15	5.24	26.3
Public National Bank & Trust	0.85	1.16	2.36	3.31	40.3
United States Trust	17.54	16.13	50.07	49.61	—0.9
Average					18.6%

*As reported by bank.

The above figures are "indicated earnings" computed from the balance sheets, except where marked with an asterisk. A few of the large banks are now following the practice of publishing rather complete interim earnings reports, thus, Chase, Chemical, Guaranty and National City have published earnings figures for the nine months ending Sept. 30, 1944, compared with the simiiar period in 1943.

In the case of Chase National Bank, "net profits on securities" amounting to $0.30 per share during the first nine months of 1944, in addition to "net current operating earnings," have also been earned, which raise the bank's total net earnings for the period to $2.15, or a little more than double annual dividend requirements at the rate of $1.40. For the nine months period of 1943, however, security profits were higher, amounting to $0.72, thus bringing total profits up to $2.28 per share, or $0.13 per share better than currently.

The figures for National City Bank include those of City Bank Farmers Trust, whose entire capital stock is held in trust for the benefit of the shareholders of National City Bank. In addition to the "net current operating earnings" reported in the table, "net profits on securities" amounted to $0.24 per share in 1943 and $1.09 in 1944, thus, including security profits, National City has earned $3.02 per share in the nine months of the year vs. $1.92 for the same period last year. Current dividend requirements are therefore being earned four times.

It is interesting to note that the average betterment in earnings of the 17 banks under consideration, for the nine months of 1944 vs. 1943, is 18.6%. Only one bank, viz: United States Trust Co., shows a decline. Bank of Manhattan, Public National Bank & Trust and Irving Trust, show outstanding gains. However, since these gains are based on "indicated earnings" for interim periods, they cannot be taken as conclusive. The results, by and large, however, are significant and distinctly encouraging to bank stock investors.

Compared with the mid-year figures, despoits of these banks on Sept. 30 were approximately $1,590,000,000 lower or 6.5%; compared with Sept. 30 of last year, however, they were higher by $148,000,000 or 0.6%. So far as quarterly statements are concerned, June 30, 1944, registered the all-time peak—thus far. The decline in deposits since July is attributable to withdrawals by the United States Government from war loan deposits for the settlement of war contracts. The record volume registered in the mid-year statements resulted from the Fifth War Loan drive. It is probable that deposits will again rise to a new peak as the Sixth War Loan gets under way in November and December.

Some aggregate figures for the above group of banks, as of recent quarterly dates, are given below:

Date	Deposits	Governments	Loans and Investments	Loans and Investments % of Deposits
9-30-1943	$22,394,000,000	$13,444,000,000	$19,588,000,000	87.5
12-30-1943	21,819,000,000	13,382,000,000	18,406,000,000	84.5
3-31-1944	22,472,000,000	13,886,000,000	19,324,000,000	86.5
6-30-1944	24,132,000,000	14,809,000,000	20,927,000,000	87.0
9-30-1944	22,542,000,000	14,274,000,000	19,845,000,000	88.5

The recent trend in deposits and in loans and investments is shown, and also the extent to which leading Wall Street banks are keeping fully invested, while at the same time maintaining legal cash reserves with the Federal Reserve Bank. The percent ratio of loans and investments to deposits for Sept. 30th is the highest during the period shown, and is probably about the highest that is practicable under present reserve requirements.

Comparison & Analysis
New York City Bank Stocks
Sept. 30, 1944
Available on Request
Laird, Bissell & Meeds
Members New York Stock Exchange
120 BROADWAY, NEW YORK 5, N. Y.
Telephone: BArclay 7-3500
Bell Teletype—NY 1-1248-49
L. A. Gibbs, Manager Trading Department)

New Jersey Bank Stocks
Local Securities
•
J. S. Rippel & Co.
Established 1891
18 Clinton St., Newark 2, N. J.
MArket 3-3430
N. Y. Phone—REctor 2-4383

Secretary Morgenthau Anticipates No Rise In Interest Rates In Foreseeable Future

Treasury Head Also Predicts No Need For Wholesale Post-War Funding Of Public Debt Into Long Term Bonds. Holds Commercial Banks' Holdings Of Short Term Government Obligations Has Placed Them In A Position Of Unparalleled Liquidity.

Sec. Morgenthau

In an address at a War Bond Rally at the Hotel Biltmore, Los Angeles, Cal. on Oct. 14, Secretary of the Treasury Henry Morgenthau Jr., in addition to calling attention to a $70 billions savings in government cost, because of wartime control of prices, stated that the low interest rates on the present public debt, as contrasted with the rates prevailing in World War I, has saved the taxpayers approximately $4 billions per year. He predicts a continuation of the present interest rates, and stated that "savings are abundant and promise to meet all likely demands," and that because commercial banks were encouraged to buy government short-term obligations, they are in "a position of unparalleled liquidity." The following is the text of Mr. Morgenthau's remarks:

For the last week I have been addressing a number of meetings such as this in various parts of the country. During the course of these talks I have endeavored to outline briefly some of the philosophy behind American war finance as we at the Treasury Department view it.

The democratic manner in which the financing of the war has been handled, I described last Saturday at Atlantic City. About 85,000,000 individual Americans have bought bonds of their government. They have bought them not as a result of compulsion but for purely patriotic reasons and because they are the best investment in the world.

Thursday, addressing a gathering similar to this at New Orleans, I emphasized the part which war finance has played in economic stabilization. The heavy tax burdens which the American people, generally speaking, have accepted with extraordinarily good grace and the large proportion of the increase in the public debt which has been absorbed by the men and women of this country, have played a very important part in holding inflation in check. The OPA has estimated that if prices during this war had risen as sharply as in World War I, there would have been approximately a $70,000,000,000 increase in government costs — a $70,000,000,000 additional burden fastened onto the country.

Today I would like to conclude this resume with a quick examination of interest rates and a glance at the post-war public debt problem as I see it.

The great expansion in the Federal debt has been achieved with virtually stable interest rates — thanks largely to your efforts. Such change as has occurred has been to slightly lower levels. This contrasts with World War I when almost each new series of bonds carried a higher interest rate, so that the cost trend was almost constantly upward. As a result, the average interest cost has been only 1¾% on the wartime increase in the public debt. This contrasts with 4¼% for World War I.

The resulting interest saving approximates $4,000,000,000 a year—quite a tidy sum to have saved for the taxpayers of this nation. Realization of your part in this saving, I believe, should give you, as it has us at the Treasury, a feeling of real accomplishment.

Moreover, and this is a point deserving of particular emphasis, the interest on all securities sold during the war has been fully taxable while the issues marketed during World War I were all either wholly or partially tax-exempt. This has resulted in a further net saving to the Treasury amounting to several hundred million dollars a year. Further through removal of tax exemption all purchasers of government securities are taxed their share of the war cost in proportion to their ability to pay. This is a point which may not have occurred to you but which should be of help in the sale of E bonds.

Incidentally, the Government in eliminating tax exemption relinquished any "unfair" advantage it might have had over private borrowers in securing credit. It thereby served to strengthen the private enterprise system.

President Roosevelt, in his 1945 Budget Message summarized the situation as follows:

> "The primary achievement of our debt policy has been the maintenance of low and stable rates of interest. Average interest rates payable on the public debt now are less than 2%. Interest received from all new issues is fully taxable. As a result, the net cost per dollar borrowed since Pearl Harbor has been about a third the cost of borrowing in the first World War."

Personally, I do not anticipate a rise in interest rates in the foreseeable future. Savings are abundant and promise to be adequate to meet all likely demands. We believe, therefore, that we shall be able to refund our obligations, as they come due, at rates comparable to those now prevailing. Thus, the saving to the Treasury will continue over a long period of years. At the same time the people to whom you have sold the war bonds will continue to be satisfied rather than disgruntled customers.

Moreover, quite apart from its value to the Treasury—and, hence to the taxpayers—the continuance of low interest rates, will provide a stimulus to the national economy in the post-war period. High interest rates limit enterprise and discourage employment. Low interest rates stimulate business and make for expanding employment.

Just as I see no reason for substantially higher interest rates in the post-war period, I do not see any need for a wholesale post-war funding of the public debt into long-term bonds.

In the first place, it would cost the taxpayers more in interest. Next, it would shift whatever risk there is inherent in fluctuating interest rates from the Government, which is able to bear it, to individuals, institutions and corporations. Certainly the day is past when the United States Government need ask its citizens or its business enterprises to insure it against changes in the rate of interest.

Finally, we have endeavored to tailor the debt structure to the needs of those who lend us the money and of the national economy.

The small investor who purchases the Series E Savings Bonds places his faith in his Government. Could we do less than

Royal Bank of Scotland
Incorporated by Royal Charter 1727
HEAD OFFICE—Edinburgh
Branches throughout Scotland
LONDON OFFICES:
3 Bishopsgate, E. C. 2
8 West Smithfield, E. C. 1
49 Charing Cross, S. W. 1
Burlington Gardens, W. 1
64 New Bond Street, W. 1
TOTAL ASSETS
£115,681,681
Associated Banks:
Williams Deacon's Bank, Ltd.
Glyn Mills & Co.

Australia and New Zealand
BANK OF NEW SOUTH WALES
(ESTABLISHED 1817)
Paid-Up Capital ________£8,780,000
Reserve Fund ________ 6,150,000
Reserve Liability of Prop.__ 8,780,000
£23,710,000
Aggregate Assets 30th Sept., 1943 ________£187,413,762
SIR ALFRED DAVIDSON, K.B.E., General Manager
Head Office: George Street, SYDNEY
The Bank of New South Wales is the oldest and largest bank in Australasia. With over 800 branches in all States of Australia, in New Zealand, the Pacific Islands, and London, it offers the most complete and efficient banking service to investors, traders and travellers interested in these countries.
LONDON OFFICES:
29 Threadneedle Street, E. C.
47 Berkeley Square, W. 1
Agency arrangements with Banks throughout the U. S. A.

NATIONAL BANK of EGYPT
Head Office Cairo
Commercial Register No. 1 Cairo
FULLY PAID CAPITAL £3,000,000
RESERVE FUND £3,000,000
LONDON AGENCY
6 and 7 King William Street, E. C.
Branches in all the principal Towns in
EGYPT and the SUDAN

NATIONAL BANK of INDIA, LIMITED
Bankers to the Government in Kenya Colony and Uganda
Head Office: 26, Bishopsgate, London, E. C.
Branches in India, Burma, Ceylon, Kenya Colony and Aden and Zanzibar
Subscribed Capital____£4,000,000
Paid-Up Capital______£2,000,000
Reserve Fund________£2,200,000
The Bank conducts every description of banking and exchange business
Trusteeships and Executorships also undertaken

see to it that the securities offered him were suited to his needs?

The Savings Bonds, while not a war development, having been first offered ten years ago, have proved an admirable war finance medium which we expect to carry over into the post-war period. We hope that many millions of people will continue to hold a financial stake in their Government.

Industrial corporations, as you know, have principally purchased certificates of indebtedness and Series C Notes. These constitute a substantial part of their reserves for reconversion and post-war development. It is clearly advantageous not only to the corporations but to the whole economy that these reserves be liquid. The corporations thus know that the money will be available and without loss whenever they need it. When the proper time comes they can proceed full speed not only with their conversion but with any expansion plans they may have.

Finally, there are the government securities which now constitute a large proportion of the assets of the commercial banks. Many of you are bankers. You know it has been our policy to encourage the banks to purchase issues of short maturity. As a consequence, about half the securities acquired by the commercial banking system since the beginning of the war have been bills and certificates maturing within one year and practically all have had a maturity of ten years or under.

The result is that the banking system of the country is in a position of unparalleled liquidity. This, we believe, affords assurance against a recurrence of such unsettling deflation as came in the aftermath of World War I. Further, it places the banking system in a strong position to meet the shifts in deposits that many of you anticipate with reconversion and the new business demands for funds that should accompany the development of a healthy, expanding economy.

In a word, the banks' part in war finance, great as it has been, instead of hamstringing them, has left them in a position to service enthusiastically a virile private enterprise system.

I might point out that the banks have not only been able to maintain a strongly liquid position as a result of the manner in which the nation's war finance has been handled, but also they have found an opportunity for public service. This has enhanced the esteem with which they are held in their respective communities. Moreover, while they have been making this contribution to the war effort they have enjoyed an increase in earnings. Net profits of all member banks of the Federal Reserve system last year were back at almost exactly the all-time-high level of 1929.

I want to thank you who have been the leaders in the war finance work in these great western States—thank you upon the part of the Treasury, whose job it has been to direct the program, and, more important, thank you on behalf of the United States of America, which, of course, is the real beneficiary.

I am no prophet as to the duration of the war, but today we are hopeful that unconditional surrender by Germany may not be far away. At such time all eyes will turn to the West. The eleven States represented at this meeting will take on new importance in the war. The Pacific coast will become the springboard for the all-out offensive against Japan.

This should prompt you who have the job of raising the necessary money to redouble your efforts.

Our immediate task is to put over the Sixth War Loan, to do so just as decisively as our fighting men are establishing their positions in Europe and in the islands of the Pacific.

I know you understand the importance of this absolutely essential link in the war effort. But you must do more than understand it, you must make the people understand it, the men and the women in stores and offices, in factories, on the farms and in their homes.

These people must understand, as you do, that the time has not yet come to relax or celebrate, that we must speed weapons and supplies far across the Pacific to our armed forces who know full well that a hard fight still lies ahead before they can bring us victory over the Japanese — and these weapons and supplies must be paid for. That is our task — I know America can count upon you!

Pyne Kendall To Admit

Pyne, Kendall & Hollister, 52 Wall Street, New York City, members of the New York Stock Exchange, will admit Howard A. Plummer to limited partnership in the firm as of Nov. 1.

Steel Outlook Good

"Little Steel headlines won't tell the big steel story," according to a bulletin on the Steel Industry Series of New York Stocks, Inc., published this week by Hugh W. Long and Company, Inc., 48 Wall Street, New York City. "Whenever the Little Steel decision comes, and whatever the decision is, it is hard to see how it can be really bad for steel company earnings." Copies of this interesting bulletin, discussing the situation in detail, and containing a list of the 10 companies of Steel Industry Series, upon which the report is based, and the price range and dividend history of the Series, may be had upon request.

NY Bank Stocks Compared

New York Hanseatic Corporation, 120 Broadway, New York City, has issued an interesting and convenient comparative table of leading New York Bank and Trust Company stocks, as of Sept. 30, 1944. Copies of this table may be had from the firm upon request.

IS THE CONTINUITY
OF YOUR BUSINESS
PROTECTED BY KEY-
MAN LIFE INSUR-
ANCE?

Massachusetts Mutual
LIFE INSURANCE COMPANY
Springfield, Massachusetts
Bertrand J. Perry, *President*

Mutual Funds

Idle Dollars

The vast accumulation of idle cash in the hands of individuals was recently made the subject of an important press release by the Securities and Exchange Commission.

The SEC warning that this huge volume of idle cash might suddenly start an inflationary spiral is certainly a timely one. And timely, too, is the leaflet on this same subject which Distributors Group made available to affiliated dealers last week.

The leaflet uses pictures to emphasize its points and leaves the forceful conviction that "your idle dollars" would be far better off at work—invested in good securities.

Barron's Widow

Selected Investments Co. takes the five-year results of the BARRON'S "Investing for a Widow" contest which were recently summarized in that magazine and compares them with the performance of **Selected American Shares.** The eight prize-winning and "honorable mention" programs selected by BARRON'S five years ago show an average appreciation today of 8.2% over the original $100,000 investment and an average income of $4,336 for the year ended Aug. 25, 1944. Selected American Shares, by comparison, shows a market appreciation of 24.8% and an income of $5,218.

As this sponsor comments, the investment in **Selected American Shares** would have been "better for the widow." To be precise, she would have over twice the appreciation in Selected American shares as in the best of the eight price-winning programs.

Which Industries?

Hugh W. Long & Co. has just published a handsome new 28-page booklet on **New York Stocks** entitled "Which Industries Will Do Best?" The first four pages contain a discussion of the "industry selection" principle. Accompanying graphs illustrate the wide variation in performance between various industries and the importance of diversifying one's investments in an industry over more than just one or two leading stocks.

The major portion of the booklet is devoted to one-page resumes of the various industry investments available through **New York Stocks, Inc.** The reconversion problems and the post-war outlook for each industry are set forth in separate paragraphs.

Fifth Anniversary

Ray Vance, Chairman of the Board of **New England Fund,** has written a letter to shareholders in which the effects of five war years on our security markets are analyzed. It is a thought-provoking letter and, if read seriously, should encourage investors to think carefully of their investments "before going off 'half-cocked' on some high-pressure proposal."

46 for 4

The current issue of **Abstracts** tells how under **Lord, Abbett** management **Affiliated Fund** has achieved a total gain of 46 cents per share (from $3.96 to $4.32, plus 10 cents of capital gains dividends) during the last 14 months in which the Dow-Jones Industrial Average has shown no gain. The cost of management to Affiliated Fund shareholders for this excellent showing was only 4 cents per share. Hence the caption "46 for 4."

Assets Up 100%

National Securities & Research Corp., in Letter No. 9 of its series on **National Stock Series,** announces that assets of the trusts which comprise the **National Securities Series** increased 100% in the first nine months of this year.

In letter No. 9 of the series on **Industrial Stock Series,** this sponsor points to the extraordinary growth plotted for electronics and gives a partial list of its already demonstrated uses. The list includes nearly 60 separate applications of electronics and covers the fields of communications and entertainment, industry, medicine and food production.

Double Taxation

The forthright discussions on taxation which **Keystone Corp.** has featured from time to time in its weekly bulletin **Keynotes** were supplemented last week by a statement on the feasibility of eliminating double taxation on corporation earnings. **Keystone Corp.** analyzes this problem from the standpoint of possible loss of revenue to the Federal Government and concludes that if double taxation on corporate earnings were eliminated by abolishing the normal corporate tax, there would be an apparent loss of $5 billion of revenue. However, if corporations were forced to pay this amount out as dividends, the individual income tax would recapture $2 billion, so that the net loss of revenue would amount to only $3 billion.

Keystone Corp. concludes: **"When it is realized that the various estimates of Government requirements of the post-war period range from $18 billion to $22 billion of annual revenue—in contrast to the current collections of $45 billion—it is clear that it is not only feasible to eliminate corporate income and excess profits taxes entirely, but that individual income tax rates can also be reduced."**

Investment Reports

Fundamental Investors—On Sept. 30, 1944, net assets were $11,138,080 invested 81% in common stocks, 17% in appreciation-type bonds and preferred stocks, and 2% in cash.

George Putnam Fund—Net assets on Sept. 30, 1944, amounted to $10,128,000, compared with $7,790,000 at the end of 1943.

Wellington Fund—Assets on Sept. 30, 1944, were invested as follows: 54.7% in common stocks, 8.6% in appreciation bonds and preferreds, 23.2% in income bonds and preferreds, 7.5% in U. S. Government bonds and 6.0% in cash. This latest quarterly Wellington Fund report is unusual in that it shows the portfolio classified on the basis of a $10,000 investment at market values but doesn't contain a balance sheet or an income statement, both of which have perhaps less meaning to the average investor than **how** his dollars are invested.

Chemical Fund—Net assets on Sept. 30, 1944, amounted to $10,709,163, compared with $10,665,530 three months earlier.

National Bond & Share Corp.—Net assets on Sept. 30, 1944, amounted to $9,149,528, compared with $9,259,414 at the beginning of the quarter.

Mutual Fund Literature

Hugh W. Long & Co.—Current portfolio folder on **Manhattan Bond Fund.** . . . **Distributors Group**—Monthly Investment Report on **Group Securities, Inc.**; current portfolio folders on **Railroad (Bond) Shares** and **Low-Priced Shares.** . . . **National Securities & Research Corp.**—Current **Investment Timing,** discussing "The British Government Social Insurance Plan"; Current Information folder and list of portfolio changes covering all National sponsored funds. . . . **Hare's Ltd.**—A new folder on **Aviation Group Shares** entitled "Transportation—Another Word for Opportunity."

Dividends

Boston Fund—A quarterly dividend of 16 cents a share payable Nov. 20, 1944, to shareholders of record Oct. 31.

Railroad (Bond) Shares
A Class of Group Securities, Inc.
Prospectus on Request
DISTRIBUTORS GROUP, INCORPORATED
63 WALL ST. · NEW YORK 5, N. Y.

New England Fund
Prospectus on request
GENERAL INVESTORS TRUST
Prospectus on request
DISTRIBUTORS:
A. W. SMITH & CO., Inc.
111 DEVONSHIRE STREET
BOSTON, MASS.

SELECTED AMERICAN SHARES INC.
Prospectus may be obtained from authorized dealers, or
SELECTED INVESTMENTS CO.
135 South La Salle Street
CHICAGO

Keystone Custodian Funds
Certificates of Participation in Trust Funds
investing their capital as follows:
SERIES
B-1, 2, 3 and 4 IN BONDS
SERIES
K-1, 2 IN PREFERRED STOCKS
SERIES
S-1, 2, 3, 4 IN COMMON STOCKS
Prospectus may be obtained from your local investment dealer or
THE KEYSTONE CORP. OF BOSTON
50 CONGRESS STREET, BOSTON, MASS.

NATIONAL SECURITIES SERIES
Prospectuses upon request
National Securities & Research Corporation
120 BROADWAY, NEW YORK, (5)
LOS ANGELES, 634 S. Spring St., (14)
BOSTON, 10 Post Office Square (9)
CHICAGO, 208 So. La Salle St. (4)

The Dollar Mystery

(Continued from page 1682)

work of economic liberal institutions (the basis of political and civil liberties) prompt the United States to seek the reconstruction of international commerce through the mechanism of universal multilateral trade.

What are the obstacles to this objective? First of all, there are some which are at the same time, cause and effect. Among these, we must certainly include political security, and also the monetary instability and commercial policies of the different countries. But there are two other obstacles, the manifestation of which has been accelerated by the first World War and World War II. They are to be ascribed to the fact that from a debtor nation, the United States became a creditor nation, and that Great Britain, on the other hand, from a creditor nation became a debtor nation. These obstacles are even more important considering that the United States is a country which, to a large extent, is self-sufficient economically and which at the same time, also exports industrial and agricultural products. **What is more, the productivity of the worker in American industries is double that of England.**

A great number of English economists and politicians admonish the United States to learn the behavior of a creditor nation. They incessantly tell them that international trade is not "a one-way street"; that to export, they must import, and that it is up to them to adopt a policy which will lead to an equilibrium of their balance of payments. They also point out that violent fluctuations of economic activity disastrously affect well-being and employment in the rest of the world, and in particular, those of small countries which specialize in the production of raw materials (which represent 70% of American imports).

Two Problems: The Dollar And The Pound Sterling

If one wishes to follow realistically the impassioned discussions which take place in Great Britain regarding monetary and economic questions, it is necessary to understand, as if it were the anatomy of the dollar and the pound sterling. There is indisputably a problem of the dollar which arises essentially from the fact that **the United States need few imports, while the rest of the world desires and wants many of their manufactured products,** and that at the same time, the United States have a surplus of agricultural products which they must export, not only for reasons of their economic balance, but for the sake of their social balance. But there is also the problem of the pound sterling, the solution of which depends only partially on the answer to the dollar mystery. It is impossible to grasp the bottom of the Anglo-American economic struggle (with its inevitable social and political repercussions) if one does not understand the following: **a solution of the problem of the balance of payments of the United States does not necessarily constitute a solution of the British problem.** One can better follow this line of thinking if it is asserted, without over-simplification, on one hand, that the problem of the pound sterling would be easier to solve were it not for the power and productivity of American industry; on the other hand, that American problems would be more easily solved were not exports for the British a matter of life or death. Moreover, **the United States, principally for reasons of social balance, are interested in obtaining relatively high prices for agricultural products, while Great Britain is interested in buying her imports as cheaply as possible.**

The preceding considerations, as well as another factor to be analyzed further on, **explain the attitude of many English economists regarding tariffs into the United States.** Strangely enough, English economists, in opposition to American economists, seem to attach little importance to the eventual reduction of American tariffs. The reason for these different attitudes lies mainly in the fact that English economists are concerned with the balance of payments of Great Britain, while American economists, in studying the problem of the dollar, are thinking of the balance of payments of the United States with the rest of the world, and not only with Great Britain. The other factor, to which we alluded a while back, which also contributes to the apparent indifference of English economists to tariff rates into the United States, is the following: **statistics of imports into the United States show that their volume depends mainly on domestic economic activity, and not on the price of these imports.** To sum up, the imperative necessity of British exports, American competition, and the fact that the volume of imports into the United States depends mainly on domestic activity, explain why those English economists who are trying to solve the problem of the pound sterling within the framework of universal multi-lateral international trade recommend a policy (of money and credit) of great economic expansion both domestic and international.

To throw more light on the subject, a rapid study of American exports and imports, as well as of the balance of payments of the United States since 1922, follows—after which an attempt will be made to determine the significance one must attach, from the point of view of the British, to the slogan: "The financial problem number one of the world is the dollar" (this slogan having been coined as a reply to the statement of an American banker according to whom the financial problem number one of the world is the pound sterling).

Did the United States Misbehave As a Creditor?

The report recently published by the Department of Commerce of the United States enables one to make some objective observations on the balance of payments of the United States, and their behavior as a creditor nation since 1919. One will realize in reading the analysis made of these statistics that misconceptions or even false ideas are current in the writings of many economists or politicians.

We have eliminated from our calculations the exceptional years 1919 to 1921 (too influenced by the consequences of the War of 1914 to 1918) and also the years 1938 to 1939 because the export figures of the United States for this period reflect important sales of war materials.

During the nine years, 1922 to 1930, the annual export of merchandise averaged about $4,600 millions and the imports averaged $3,820 millions. If one takes into account the invisible trade (freight, trips, etc.), exclusive of payments and receipts of dividends and interests, the annual excess of exports as compared to imports averaged about $169 millions. In the seven-year period from 1931 to 1937, the annual export of merchandise averaged about $2,280 millions, and imports about $2,010 millions. **If one takes**

into account the invisible trade, excluding payments and receipts of dividends and interests, one finds, surprisingly enough (one is constantly led to believe the contrary), **that during these seven years there was an annual excess of imports of about $200 millions over exports.** And even if one takes into account payments and receipts of dividends and interests, the average annual excess of the balance of payments was only about $55 millions during the period from 1931 to 1937; these surpluses were neither excessive nor abnormal for a creditor country, as the "Economist" rightly comments.

It is furthermore true that since 1934, up to the outbreak of the new world catastrophe, there was, for **political reasons**, a considerable influx of European capital, both long and short term, which sought refuge in the United States, and which amounted to approximately $6,000 millions. These movements of capital cannot be imputed to the United States.

During the years 1922 to 1930, if one takes into account the payments and receipts of dividends and interests, the average annual excess of the balance of payments was about $730 millions. However, during this period the United States made huge investments abroad, principally in Germany, with the result that their balance of payments was nearly in equilibrium. As the United States Department of Commerce itself states, the country was behaving as a creditor nation should without, however, having any coherent policy of investments. It is also worth noticing that European money markets were victims of a dangerous tightening in the second half of 1928 and in 1929 due to a combination of two factors: on one hand, the allure of speculating on the New York Stock Exchange and the abnormal high rates of interest on security loans ("call money"), and on the other hand, the heavy decrease of foreign investments by the United States.

What is then, in the light of the analysis just made, the basis of truth in the reproach made to the United States of misconduct as a creditor country? It lies mainly in the fact that during the period of 1922 to 1939, the United States made loans indiscriminately, without consideration for the productivity or for the possibility or means of repayments of these credits. The equilibrium of world economy adjusted itself to an important volume of foreign investments by the United States. It would certainly have been better for their own equilibrium, as well as for the rest of the world if during the period 1922 to 1929 the United States had imported more merchandise and made fewer investments—dangerous and poor—abroad.

But the report of the United States Department of Commerce, which studies the balance of payments from 1919 to 1939, also draws therefrom the following important conclusions, with an objectivity which deserves to be commended:

(1) **The volume of imports into the United States depends mainly on domestic economic activity.** Consequently, when as a result of internal economic difficulties, the United States cut down their foreign purchasing, the volume of international transactions is reduced, for lack of dollars. In other words, the U. S. Department of Commerce affirms that foreign countries decrease their purchases from the United States **because** and when the latter reduce their imports.

(2) **The violent fluctuations of domestic economic activity in the United States constitutes an important factor towards disorder in world economy.** The report of the U. S. Department of Commerce expresses itself thus: "During the four years from 1926 through 1929, the amount of dollars supplied ranged between $7,300 millions and $7,500 millions, and foreign income and spending habits and the international debt were fairly well adjusted to this level. The abrupt fall in the dollars supplied by some $5,000 millions or 68%, over the short space of three years, necessitated vast changes in the foreign use of dollars and in the economic system abroad." ". . . contributed forcefully to the collapse of the world economic financial structure, and the development of recovery programs abroad along narrow national and bilateral lines."

This same report by the Department of Commerce declares that the **most serious obstacle to the expansion of American exports has not been the commercial restrictions of foreign countries, but the lack of dollars.**

The report finishes by stating that the continuity and regularity of foreign economic policy, as well as the conduct of international transactions are even more important than absolute levels of imports and investments. However, the national interests of the United States as well as their interests as part of a world society are in having as great an expansion as possible of international trade. There are two principal means by which this result can be attained. One consists in facilitating the flow of imports into the United States and the other is to invest abroad. The report of the Department of Commerce concludes by saying that international economic relations should be based on a stable, prosperous domestic economy.

The Dollar and the British Problem

There is, as admitted by the U. S. Government itself, a dollar problem. The solution of this problem as recommended by the American authorities is orthodox and within the framework of liberal institutions. Unfortunately, as we have seen above, not every solution of the dollar problem solves, ipso facto, the problem of the pound sterling. One can, theoretically, conceive of a solution for the problem of the dollar without its remedying the problems of Great Britain. The reason for which many English economists and politicians champion a regional solution (bloc-sterling) is precisely **their conviction that an orthodox, liberal solution of the dollar problem would be inadequate to solve the particularly difficult situation of Great Britain.** This is what accounts for the difficulty in reaching an understanding between the United States and England on economic and monetary issues.

After this war, Great Britain will have to look for **new** outlets for export equal to a minimum of £250 million to £300 million (which represents 50% of the volume of 1938 exports) if she is to be able to maintain for her people a standard of living equal to that before 1939. Many British economists and industrialists do not believe that the increase of imports into the United States and American investments abroad would create sufficient purchasing power in the world to increase British exports by an amount of £250 million to £300 million. **In short, it is the very magnitude of the probable deficit of the English balance of payments which constitutes the principal obstacle to an Anglo-American agreement regarding the methods by which international trade should be restored.** We can better grasp the extent of this conflict if we add: (1) that the United States are a powerful competitor in export markets; (2) that England is interested in buying agricultural products and raw materials at low prices while the United States are interested in obtaining relatively high prices for agricultural products, and (3) that the United States need to buy few things abroad while the rest of the world needs or wants many of their products.

The equilibrium of the balance of payments of Great Britain after the war will be even more difficult to secure because of the industrialization of the dominions and colonies within the British Empire, as well as of the South American countries. The United States will probably buy very little rubber abroad in the future, and will transport much of their merchandise on their own vessels. On the other hand, it is thought that for reasons of conservation of their natural resources, the United States will increase their purchases abroad of gasoline, copper, zinc, lead, wood, woodpulp, paper. It should further be observed that the equilibrium of the balance of payments of Great Britain will depend also on the willingness of the United States to continue to purchase gold from any source. (The annual gold production of the British Empire (excluding Canada) was about **$600** millions during the last few years.)

Before the present war, the balance of payments of the United States with Great Britain, Canada, New Zealand, the Union of South Africa, the Indies and Australia showed a deficit. Only British Malaysia received a surplus of dollars from the United States, thanks to their export of rubber and tin. Between 1932 and 1938, the annual exports of Great Britain into the United States varied between $75 millions and $200 millions (about $100 millions in 1938) while the imports of Great Britain from the United States fluctuated between $290 millions and $600 millions (about $560 millions in 1938). Canada imported about $200 millions more American merchandise in 1938 than she exported to the United States. For the same year, the balance of payments of the United States with the rest of the British Empire (that is to say, exclusive of Great Britain and Canada) was nearly in equilibrium. Of all the countries, suppliers and customers of Great Britain, only the Union of South Africa imported more than she exported. In 1938, Great Britain imported the value of £860 million in merchandise, out of which £340 million originated in the British Empire; in the same year, she exported in all, the value of £470 million in merchandise, out of which £235 million (which is 50%) was for the British commonwealth.

The Elements of a Solution

Let us review first of all the salient factors of the economico-social Anglo-American conflict. The United States want, and are interested in rebuilding foreign commerce within the structure of a liberal and universally multilateral system. Great Britain does not believe she can find, within the framework of traditional institutions, of which she was the originator and champion, new outlets for export amounting to £250 to £300 million more than in 1938 (£470 million) which she needs to balance her payments. The solution advocated by a large number of British economists and industrialists consists in the organization of a regional trade system (bloc sterling). This solution does not satisfy the Americans, and it can safely be said that in the end, it would not meet British needs either (without mentioning other grave dangers for the entire world resulting from this solution). Moreover, the United States in particular, as well as the rest of the world are interested in seeing that Great Britain is strong and prosperous.

Is there a solution which can satisfy both the United States and Great Britain? It can be conceived, but it presupposes a generous and intelligent spirit of cooperation on the part of the United States and the countries composing the British Commonwealth. What are these elements? We must first devise an arrangement for the liquidation of the short term debts contracted by Great Britain during the war. This having been done, and assuming a prosperous American economy, it would be necessary:

(1) To reduce, as much as politically possible, American tariffs.

(2) To refrain from competing with Great Britain, for exports, in the British Commonwealth.

(3) To foster the development of backward countries by the intermediary of Great Britain. In other words, **the equipment and tools necessary for the development of these countries should be furnished chiefly by Great Britain** while the necessary capital would, to a large extent (until further developments) come from the United States. It can also be assumed that Great Britain will accept the responsibility for loans made to these countries. The procedure would amount to making loans to Great Britain, which she, in turn, would use for the development of the backward countries.

(4) To fix, by mutual agreement, the value of the pound in relation to the dollar, which will take into consideration all the factors involved (between $3.00 and $3.50?).

(5) "Last, but not least," as the English say, it is up to them to work to increase their industrial productivity and to manufacture products, machines and items which call for great technical and scientific advancement. We must abandon the theory that it is the function of foreign trade to help rid a country of unemployment; exports should serve to pay for imports which a country needs so that it may benefit from the international division of labor.

* * *

The vital thing to accomplish is to devise means which will enable Great Britain to abandon any form of exchange control. It will not be repeated often enough that the master key to economic nationalism and bi-lateral trade is exchange control. The above article is written on the assumption that this is also the desire of our British friends. It must be admitted that the speech of Lord Keynes in the House of Lords in May, 1944, is not completely reassuring, and is even disquieting. This may be due to the fact that so far, no fundamental solution to the British problem has yet come forth. The first outspoken approach to the solution of the British problem was made by Mr. Winthrop Aldrich before the Executives' Club at Chicago.

Herrick Waddell Opens Branch In Rochester

ROCHESTER, N. Y.—Herrick, Waddell & Co., Inc., has opened an office in the Granite Building, under the management of George J. Kaufman.

The firm, which has branches in the East and Middle West, maintains its principal office at 55 Liberty Street, New York City.

YOU CAN AFFORD IT

Some 22,000,000 people in all walks of life hold Prudential policies. Size, kind and payment plan can be fitted to your own circumstances.

LET US SHOW YOU SOME FIGURES

The PRUDENTIAL
INSURANCE COMPANY OF AMERICA
A mutual life insurance company
HOME OFFICE NEWARK, NEW JERSEY

We offer, subject:

$250,000

Canadian National Railways

Dominion of Canada Guaranteed

4½% Bonds, Due Sept. 1, 1951

Non-callable

Principal and interest payable in New York, Canada or London

Price to yield 2.50%

Wood, Gundy & Co.

Incorporated

14 Wall Street, New York 5

Direct Private Wires to Toronto & Montreal

Canadian Securities

By BRUCE WILLIAMS

Colonel Drew, the Progressive Conservative Premier of Ontario, in his hasty, ill-conceived attack on the Family Allowance Act, has unwittingly prepared the way for the solution of many critical Canadian problems and has, at the same time, presented his political opponents with a grand election issue.

His exaggeration of the burden thrown on the taxpayers of Ontario as a result of this legislation was devastatingly assailed by Mr. Stuart Garson, Liberal Premier of Manitoba, who was also afforded the opportunity to enter the lists once more as the champion of the western provinces and to give an extremely capable criticism of several fallacies exposed in Colonel Drew's views on economic and fiscal matters.

Of still greater import, Colonel Drew's announcement that the Liberal administration had devised the measure especially to assist the Province of Quebec will ensure added support for the Libertas in this province in the forthcoming Federal election. Furthermore, Mr. Mitchell Hepburn, the former Ontario Liberal leader, was given an opportunity to make a dramatic reappearance in the political arena, armed with the inspiring issue of national unity.

Never before in Canadian history has there been a more propitious moment for the removal of the only real cause of Dominion disunity — the reluctance of Ontario and Quebec to cooperate in an understanding manner in the national interest. Never before has it been more necessary, when Canada stands before the world as an adult power in her own right, to settle the petty differences which were understandable in her earlier stages of development. Never before has Quebec shown in a more practical form willingness to play a constructive role in national affairs.

The results of the last Quebec elections have not yet been properly appreciated. Despite the dire warnings of revolution and disaster, widely disseminated in Ontario and this country prior to the provincial ballot, the French Canadians gave a clear demonstration of their basic loyalty to the Dominion and rudely spurned the apostles of isolationism and opposition to the British Commonwealth, and similarly rejected the form of extremism represented by the CCF.

Thus the Liberal party in Ontario, resurgent under the inspiring leadership of that great fighting politician, Mitchell Hepburn, will contest with renewed confidence the conservative grip on their last remaining stronghold, and if not immediately successful in the provincial field will unquestionably give tremendously increased support to Mr. Mackenzie King, whenever he chooses to call a national election. Furthermore, all thinking Canadians throughout the Dominion will rally to the leadership that places the national interest above provincial prejudice.

Turning to market developments during this past week, there was some indication of increased activity. Shorter-term Dominions and Nationals were absorbed in fair volume following belated replacement transactions, and long-term high grades were in general demand. Albertas registered little change, but there was an inclination to buy longer-term bonds in preference to the past due issues. which could be an indication that operations were either following or anticipating a debt reorganization plan.

Internal issues were in increased supply and, as anticipated, the Canadian dollar in the "free market" eased from 9 15/16% bid to 10½% discount offered. Now that we have reached the period when an increased supply of exchange should be available as a result of the internal bonds called or maturing Oct. 15, there is no reason to foresee an early reversal of this weak trend.

In connection with the exchange situation, there is one point that has been largely overlooked by purchasers of internal bonds who anticipated an early return to parity, namely the fact that, according to the Bretton Woods Agreement, no part of the Agreement will enter into force before May 1, 1945. The fund will ask each member country to communicate the par value of its currency based on the rate of exchange prevailing 60 days before the Agreement entered into force. The date will be sometime between March 1, 1945, and Oct. 1, 1945, which should preclude any imminent change in the Canadian parity.

With regard to possible future developments, the situation is increasingly dominated by the following factors:

(1) The supply of external bonds from Canada is steadily approaching exhaustion.

(2) Called and maturing external issues for the most part have not been replaced.

(3) For some time no new money has been raised by Canada or its political subdivisions and none is contemplated in the near future.

Therefore, the market should continue to display selective strength with little activity.

CANADIAN BONDS

GOVERNMENT

PROVINCIAL

MUNICIPAL

CORPORATION

CANADIAN STOCKS

A. E. AMES & CO.

INCORPORATED

TWO WALL STREET

NEW YORK 5, N. Y.

RECTOR 2-7231 NY-1-1045

We offer:

$100,000

Montreal Harbour Commissioners

5s, due Nov. 1, 1969/49

Guaranteed by the Dominion of Canada

Priced at 116¾ to yield 2.38% to 1949

TAYLOR, DEALE & COMPANY

64 WALL STREET, NEW YORK 5

WHitehall 3-1874

Economic Aspects Of Profit Control

(Continued from first page)

increase during World War I. A wise old banker at the Federal Reserve Bank of Virginia pronounced the period a "Fool's Paradise" a year before the crash. But he was roundly condemned by the leading financial papers. During the *new era* old enterprises expanded. Profits increased and dividends were increased. A new venture of any kind could raise capital. It was not uncommon for the name of a new undertaking with the volume of securities to be issued to be oversubscribed several times before the buyers knew what business was to be promoted. The loss of the public's savings with the collapse of the speculative boom ran into billions.

Investment trusts that had sold for $100 a share were finally wiped out leaving nothing for the investor. The business depression that followed left business chaos and unemployment in every town and rural district. All of the profits and savings of the *new era* were erased, and for years business in general earned a deficit.

The conditions in the United States were probably a little more extreme than in other countries. But the depression was international and no country escaped. In England, where capital management is said to be a little more conservative than in the United States, in 1928 the total capital subscribed for new issues of shares and debentures included 284 companies aggregating more than $500,000,000. On the 31st of May, 1931, the market value of these issues had fallen to about $300,000,000, showing a loss of more than $200,000,000, or more than 40%. Seventy of these companies had been liquidated and the securities of 36 of them had no ascertainable value. The total value of the securities of these 106 defaulted companies had exceeded $100,000,000 when sold to the investors in 1928.

Similar example of ventures and losses in the business of trying to make profits could be enumerated in every country of the world. But still the lure for profits is the motive that stimulates men to strive and make progress. There is no substitute. When it comes to eliminating profits or controlling profits without a well tested substitute, the experiment deserves the most careful scrutiny.

The Theory of Mass Production at Small Net Profits

The benefits of mass production are well known. Mass production has reduced the cost per unit. Mass production requires large-scale production, and therewith large capital investment. The efficient producers with large capital have been able to reduce these costs and prices and drive out of business the inefficient producers and the small producers of costly units. In spite of the hardship to the small producer the consuming public have reaped the benefits of mass production at low costs.

War production has given a great new emphasis to the efficiency of large-scale mass production. During the war price control has been accepted as a method of sharing the limited production left for civilian use after the needs of the military forces have been provided. To many of us on the outside it has seemed that the benefits of efficient mass production for war purposes could have been greatly increased. The Government has provided a large part of the money for war production. Industry has given generously of its capital and facilities. But because the Government has been paying the bill with the taxpayers' money expenditures have been extravagant.

Now it seems that the inflation which has been injected into our economic system as a result of the war is a dangerous threat to the post-war economy. The emphasis on control seems to be shifting from prices to profits. It is urged that because of the experience of large-scale war production and the need to meet the accumulated deficiencies in peace-time goods on a larger scale an opportunity is provided to try out the grand experiment of mass production at low cost per unit and a minimum of profit per unit.

Upon examination it seems that any such profit control policy would necessarily bring about a large-scale concentration of production in the hands of "big industry" as never before. The small producer could be driven out of business because the limitation on profits per unit would make it impossible for the small shop to compete with the large-scale producer. There are efficient small producers who with reasonable freedom can keep their costs down and deliver quality goods at prices which enable them to stay in business. These small producers are necessary to the country's welfare unless we are all to be hurded into mass factory production at the expense of the rural districts and the small towns whose population would vanish.

Profit control, however, has one of its great weaknesses in the fact that a large percentage of business does not make a profit every year, and sometimes, as in the depression of the Thirties for many years business in general earned a net loss. If the Government wishes to limit profits, why not also limit losses? It seems only just and reasonable that if an efficient producer is limited in his profits in good years he should ask to be protected against his losses in bad years.

The limitation of profits seems a dangerous experiment at this time especially because of the possible effect upon the initiative of the producers, the adverse effects upon small business, and the great need in the next several years for all the production possible to meet deficiencies and keep down prices.

The Relation Between Production and Consumption

It is an erroneous assumption that consumption directs production. The reason for this error perhaps springs from the fact that when the consumption of some well-known articles decline production is reduced in time and unemployment arises in these industries.

The production of an article is of course determined by the desire for it. The consumption of

Canada's Wheat Crop Est. At 423 Million Bushels Says S. M. Wedd Of Canadian Bk. Of Commerce

The first official estimate of the prairie wheat crop is **423 million** bushels, **compared with 277 million bushels in 1943.** With present farm purchasing power nearly double that of the immediate pre-war period and with every prospect of a further substantial rise when this year's harvests are realized, Canadian agriculture is in a better position than ever before to contribute to the country's economic development. Farm productivity is now at a high peak and finds a ready market for both domestic and overseas consumption.

In this most critical year, both for military and civilian supplies, several handicaps had to be overcome to reach the present fortunate position. A deficiency in pre-season moisture reserves, especially on the prairies, and an uneven distribution of rainfall during the growing season, with prolonged drought in chronically dry areas and excessive moisture in others, reduced the size and quality of field crops in many areas. A long spell of wet weather also delayed the completion of harvesting on the prairies and in parts of eastern Canada. Farmers across Canada had to contend with the additional handicap of a shortage of help, while the greatest economy had to be exercised to make the best use of available equipment. In spite of these difficulties, harvests have been among the best in recent years.

Our index of industrial activity rose from 221 at mid-August to 224 at mid-September (1937=100), recovering the level reached in June, while the percentage of factory capacity utilized rose from 123 to 125. This increase is due mainly to seasonal activity of the foodstuffs group, chiefly canning and the processing of cereals, which was so marked this year that it raised the index for this category above the level of a year ago.

Slight increases were recorded by the clothing and paper groups and decreases by the wood products and automotive groups; none of these was as active as in September, 1943. The index of the iron and steel category, while higher than a year ago, fell for the second month in succession, mainly on account of a lower operating rate for the heavy section as a whole. There are indications that the percentage of war output to total manufacturing production is declining, although it is still between 50 and 60% of the latter.

the article only satisfies that desire. If such an article is wanted by enough people it will be produced on a large scale. But as soon as these wants decline the producing efforts will be withdrawn. To desire a thing does not produce it. The production requires labor, raw materials, land and capital. These are provided from savings and not from consumption. These factors of production will cease to continue producing an article where the profit has vanished or when larger profit opportunities exist in other fields of production.

Consumption alone will never cause production to increase unless the prices at which the new products can be sold equal costs plus a profit in comparison with other opportunities for the same capital and labor.

The Factors of Production Seek Employment Where There Is Opportunity for Profits

Labor, Capital and Management cannot work for nothing. Costs are a large part of all production. The mobile factors of production are soon shifted to the most profitable uses. All production is thus in competition for capital, labor and management. Unprofitable production may continue for a time when the factors of such production are immobile, but new production will not be undertaken where the profits have been erased.

An example of the search for profits can be found in any industrial community or in any town. Men are seeking new opportunities, expanding or reducing the size of their enterprises, starting new enterprises or closing old ones, offering new and more attractive products for sale and such is the eternal effort for profitable business. All of these efforts are servants of the consumer if he has the money.

Perhaps a more striking example of the search for profits and venture capital can be found in the rush of men and capital to new discoveries of oil fields or gold mines. Back in the Thirties when money could be borrowed only against gilt-edged security, the announcement of the discovery of new oil fields in the Southwest brought men and money from every corner of the country, wading through mud roads, and sleeping in tents seeking new opportunities to make a profit. In August, 1944, when both labor and capital seemed fully occupied in war work, the announcement in a northern county of Ontario Canada, that gold had been discovered brought such a rush of men and capital from every part of Canada and the United States that the entire county was staked off for gold prospecting in less than one week. Hundreds of the newcomers were turned away to venture in other fields for profitable opportunities.

An experiment at profit control has little to recommend it when analyzed. Such an experiment will not be profitable. At this time it may prove dangerously unprofitable.

Davison Chem. Attractive

Stein Bros. & Boyce, 6 South Calvert Street, Baltimore, Md., members of the New York Stock Exchange and other leading exchanges, have prepared a brief survey of The Davison Chemical Corporation. Copies of this survey may be had from the firm upon request.

New York Analysts To Hear

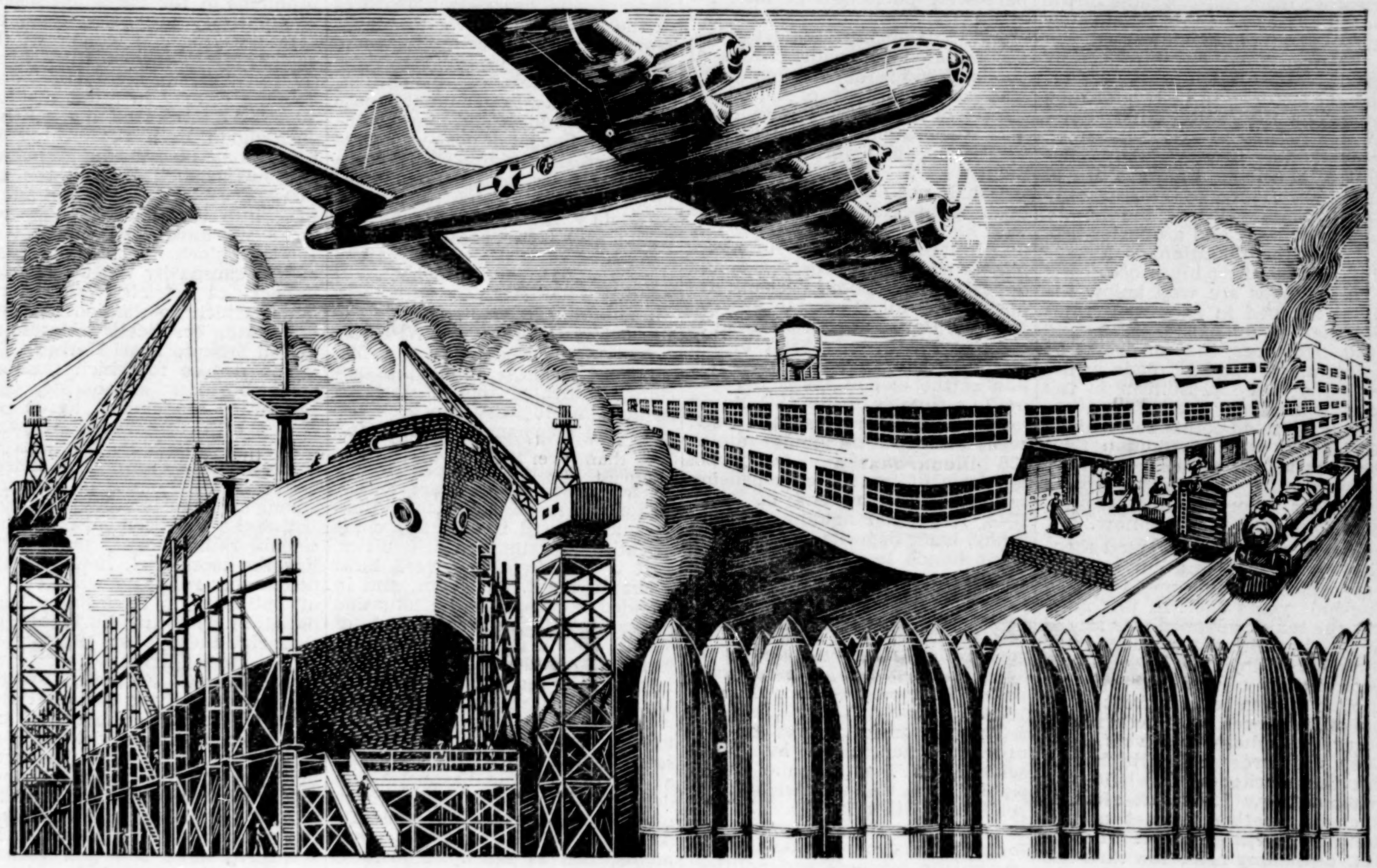
The New York Society of Security Analysts will hear Salom Rizk, author and lecturer, sponsored by the Readers Digest on "The Americanization of an American," at its meeting to be held Monday, Oct. 23. This will be at 56 Broad Street, New York City, at 12:30 p.m.

ACCURACY TO
1/5,000,000th OF AN INCH

In Georgia, quartz crystals for Army and Navy Communications are ground to the unbelievable accuracy of 1/5,000,000th of an inch.

They came off the farm—from villages and towns—untrained but willing and in an amazingly short time acquired the knowledge of machines and processes—the skill and precision to make everything from ammunition fuses to Liberty ships . . . from radio components to B-29's.

PEOPLE WHO MAKE PLANES, SHIPS, SHELLS, RADIO AND GUN PARTS CAN MAKE *ANYTHING!*



AFTER the war Georgia will have a large pool of highly trained workers. But even more important is the ability of the average Georgia worker to acquire a high degree of skill in a very short time.

Georgia has many excellent small towns where there are no large industries. In them you will find an ample supply of intelligent, willing, English-speaking workers, 99% native-born.

Georgia's mild climate—no extremes of heat or cold—is an ally that cuts plant investment, production costs and living costs.

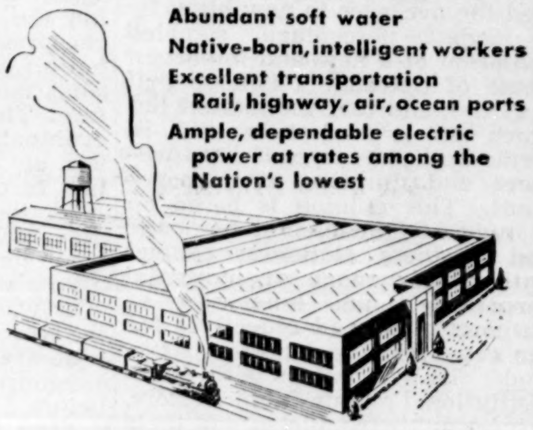
In Georgia you are in the *center* of the rich and growing South.

For years our staff of competent engineers has been compiling accurate industrial data on the best locations in Georgia for specific industries—more recently with post-war developments in mind. We either have the facts or will get them for you—in confidence—without obligation.

* * *

Write Industrial Development Division, **GEORGIA POWER COMPANY,** Atlanta, Georgia.

Mild climate
Plentiful raw materials
Abundant soft water
Native-born, intelligent workers
Excellent transportation
  Rail, highway, air, ocean ports
Ample, dependable electric
  power at rates among the
  Nation's lowest



PLANT the Future in
GEORGIA
CENTER OF THE SOUTH

What Is The Stock Market Outlook Now?

(Continued on page 1683)

direct and fundamental approach, like the indirect one, is necessarily a rather complicated matter. The market is affected by an almost inconceivably wide range of forces — economic, political and even psychological. The attempt to understand the greater number of these forces, and coordinate them into a complicated pattern of stresses and strains, is the most challenging of intellectual occupations. Also, it is probably the only process by which a **real understanding** may be obtained of **why** the market acts as it does.

Technical analysis, when successfully projected, merely suggests the pattern in which the market is acting, and will act. But when technical analysis does not succeed, it is seldom possible to say why it has not succeeded Whether successful or unsuccessful, technical analysis inevitably runs the risk, which we all remember from Aesop's fable of the dog, of "Losing the substance by grasping at the shadow."

With so long an introduction, my reference to the major fundamental factors will be briefer than might be desirable. First, however, a note as to where the stock market now stands: the Dow-Jones Industrial Averages are at an index figure of 148, or only two points above the highs reached a year and a quarter ago, prior to the deflation of Mussolini, and our first big peace scare. The averages are well below the highs reached in each of the depression years, 1938, 1939 and 1940. However, they are some 55 points above the low made in the period of deep pessimism in the early spring of 1942. The averages also are 48 points below their 1937 high, established at a time when by all the conventional tests business and business prospects were less favorable, and less dependable, than they are now.

Under nearly all accepted theories, we are still in a bull market, one which began some two and one-half years ago. In this market the major advance was scored in the first 14 months. Since then, for most of the time, moves have been merely of trading scope, although a number of great individual advances have occurred in securities whose followers have been uninterested in whether or not the market as a whole was reaching new highs. It often is unclear whether or not a bull market is turning into a bear market, until long after the turn has occurred.

It is logical to consider whether or not recent advances, which carried the averages to new highs by a modest percentage, signaled initiation of a new and important phase of uptrend. I believe that they did, and that the market has much that is good ahead of it, in terms both of scope of improvement and duration of improvement. This opinion is based on a study of fundamental economic and business statistics; contact with a fair range of industrial corporations, and knowledge of business plans and objectives for the conversion and post-war periods; finally, contact with many institutional and private investors, respecting their policies, and their appraisals of the future. With this, one also must study newspapers and periodicals in an independent attempt to reach correct opinions of the political factors involved: especially at this time, whether government policy, national and international, will succeed in its objectives of developing a smooth post-war economic transition, and a high level of employment and production after the war.

We have come a long way since November, 1941, when only 7.2% of American corporation executives reported to the "Fortune" poll that they thought the private enterprise system in America would outlast the war. Increasingly, during the past year to two years, most forward-looking American managements have developed ranges of optimistic projections of post-war sales, and of pre-tax earnings for their particular companies. Over the past year the average management also has become increasingly convinced that corporate taxes will be lowered sufficiently so that operating earnings, even if lower, will possess a meaning that they do not now have in war time.

Now that the war is nearly three years old, there are some outstandingly favorable factors in the minds of most corporate executives, in addition to the various uncertain factors, a few of which we shall always have with us. The favorable factors, in large part well publicized of late, include the vast backlogs of demand, both domestic and foreign, accumulated for wide classes of goods during the war, and the vast accumulations of liquid finances in the hands of individuals and corporations, unincorporated businesses, and foreign governments.

I shall not detail the estimated business backlogs, as these are so well known. However, a few figures on the weight of liquid finances may be in order. Demand deposits, apart from interbank deposits, in all Federal Reserve Member Banks are $50.5 billion as compared with only $19.7 billion at the end of 1937 and $17.5 billion at the end of 1929. According to estimates of the SEC, liquid savings of individuals have been accumulating at an annual rate of $28 billion, apart from savings in the form of insurance or pension reserves. At the end of June, 1944, individual holdings of currency, bank deposits and Government bonds totaled $130 billion. American business corporations likewise have vastly strengthened their finances. Working capital of all our country's non-financial corporations is now estimated at approximately $47 billion as compared with only $24.6 billion in 1939.

These financial figures are significant when taken by themselves, but they assume added significance when considered in relation to other factors. The figure for corporate working capital, for instance, demonstrates that the pessimistic business and political attitude of several years ago has not been without its favorable results. Because of their concern for the future, leading business corporations have arbitrarily written off against earnings far larger sums than they ever deducted before. These sums are greater than eventually will be required, unless an extraordinary concatenation of calamities occur.

At the same time, a smaller percentage of the corporate earnings remaining after writeoffs has been distributed in dividends than ever was the case before. To top the score, individual incomes likewise are further above individual expenditures than they ever were before.

Thus, by the functioning of the old law of action and reaction, a situation of great financial strength and certainty has been created out of the former situation of pessimism and uncertainty. This change has a deep market significance, for price-earnings ratios and dividend yields are strongly, one might say even predominantly, governed by the state of investor confidence.

From late 1938 to the spring of 1942, we saw a sustained and consistent advance in corporate earnings and dividends, yet from the highs of late 1938 to the lows of 1942, the market was largely dominated by a bearish psychology, and there was a series of stock market collapses which resulted eventually in pushing down the average level of prices by some 40%.

Observe the other side of the shield and see how we have experienced, over the past two years, sensational recoveries in securities of companies, even while the companies have been suffering important wartime earnings and dividend declines. The collapses of 1939-42 were based on doubts that good financial results would continue. Contrariwise, the more recent recoveries have been based on confidence that a situation favorable to corporate earnings and dividends will prevail after the war.

There is no time this afternoon for me to analyze with you the wide range of expansive factors bearing on the economic outlook. I shall mention a few as suggestions for further study: the prospects for international economic cooperation; the inflationary implications of a low level of interest rates; the stabilizing influence of income and tax-base carry-forward and carry-back features of the 1943 Revenue Act; benefits from improved technology and improved labor productivity; the stabilizing effect of demobilization payments; larger plant capacity; new products and new inventions; the impact of post-war capital expansion plans of Government agencies, and private businesses; and the weight of a more rapidly increasing population, with a higher birth rate.

As against these many factors the market worries what will happen when the war with Germany ends and war contracts are slashed 40 to 70%. The WPB has promised a cut of 40%, but Mr. Sloan of General Motors has recently indicated that a slash of as much as 70% will be probable after the German portion of the war has ended, and before the Japanese portion has been won.

The period of contract termination and reconversion to civilian production will have many complications, strains and difficulties, and it will involve severe local unemployment. However, and in decided contrast to the situation prevailing toward the end of World War I, for a long time we have been anticipating, and working on, the problems which we know will confront us after this war, and as we now come nearer to these problems they perhaps seem less critical than they did a year ago. Time has permitted development of detailed plans to meet a wide range of possible problems. **Government departments, just as much as business officials, have been gravely concerned to develop a practical post-war approach, because no one wants to accept the blame for a bungling approach, with all its liabilities.**

Even during the termination and reconversion period, the inflationary business effects of a Government deficit will be continuing, even if in reduced force. At the same time, **another expansive influence will develop, because for a period of several months industrial companies will be paying their employees for their work in manufacture of goods prior to the actual availability of these goods in retail channels.**

A study presented in the August "Survey of Current Business" of the U. S. Department of Commerce, suggested that the termination and reconversion period may be somewhat different in character from what generally has been expected. The Department's analysis of employment and production figures, and related data, indicated that a tight labor situation may prevail, even through the reconversion period, unless the Japanese and German phases terminate almost simultaneously.

That the market recently has been somewhat indecisive, with stocks unwilling to move far out of a trading range, reflects that stocks are still trying to discount two major opposing forces, at one and the same time. The first force, of course, is the expected difficulties of the early post-war period, and the second force is the expected prosperity of the later period. From week-to-week, investors seem to experience difficulties in deciding which set of forces to heed, although time is working on the side of the optimists. Nevertheless, fears and uncertainties regarding the early future can hardly be assuaged completely, in advance of the actual development of events. It is impossible to **prove** that business complications in the reconversion period will not be overwhelming, or that a possible disorganization of economic activity will not result in unemployment and loss of confidence, such as to threaten the development of a subsequent business boom.

As the passage of time permits a further development of business transition planning, and also results in further building up of backlogs of unsatisfied demands, and of accumulations of cash, the problems of the transition period cumulatively are being lessened.

In assaying the weight of the various forces now exerting themselves in the market, it is worth keeping clearly in mind that for over two years the market has once again been performing its traditional discounting function, and has been reflecting the efforts of capitalists attempting to look into the future. In recent years we have seen few of the random stock market readjustments, caused by the unexpected impact of strictly short-term news, which so dominated trading in the erratically fluctuating period prior to Pearl Harbor.

The degree to which business men, business economists, and academic economists agree on rather high projections of post-war national income employment and corporate earnings is indeed impressive. Some differences among economists necessarily persist, and a few economists of note remain rather keenly pessimistic. For the most part, however, the differences relate to what degree of optimism is advisable. Such noted students of business and financial theory and practice as Dr. Sumner Slichter of Harvard, Dr. Wesley C. Mitchell, Director of Research of the National Bureau of Economic Research, and Dr. Marcus Nadler of New York University are firmly in the camp of those who look for a sustained period of prosperity after the war.

Dr. Mitchell, perhaps our leading student of the business cycle, seems to have few reservations regarding the early post-war outlook, unless our affairs are bungled inconceivably. The trend of much foresighted economic thought now concerns "how we shall stabilize prosperity, once we have it," not whether prosperity actually will develop. This great long-term problem was well mentioned by Dr. Mitchell in his recent excellent series of articles in the New York "Times":

> Barring unfavorable occurrences we do not foresee, the active domestic demand for goods, supplemented by a huge export demand, promises to make our traditional form of economic organization function to the general satisfaction, once the period of transition from war to peace is safely passed. . . .
>
> During these good times, Americans will congratulate themselves upon the efficiency of an economic system that passed the test of war with flying colors, reconverted itself to peaceful conditions promptly, caught up war shortages at home, and helped foreign countries to get back on their feet. This industrial accomplishment will show us at our best.
>
> The test that will be hard to pass will come after the extraordinary post-war demands have been satisfied and our business settles down to supplying the continuously recurring demands of a long stretch of peace. Can we then maintain a high level of employment year in, your out?

Currently, many securities representing companies with well-defined, favorable post-war prospects are still available at good discounts as compared with historic price levels. Also, and more importantly, they are **available at low prices in comparison with post-war prospects.** Once the transition problems are more keenly upon us, and the transition decline in industrial activity and income is a matter of record (rather than of projection) the more optimistic factors should come more clearly to the fore, assuming, as we do, that investors will continue to look forward.

Liquid assets today still rule at a premium. However, in view of the great abundance of liquid assets, and the failure of new offerings to keep pace with cash increases, it may be securities, rather than cash, which **eventually** will command the premium. That may be looking very far ahead, but the possibility is an important one for investors to keep in mind.

I do not wish to imply that we shall not have trading declines in this market, or even the usual declines of intermediate scope. Neither would I imply that investors should have their funds 100% committed: one is never entitled to be completely sure of one's opinion, and it is a profitable long-term policy always to have some buying power in reserve. Nor would I imply that all classes of securities may be regarded with the same degree of optimism. A close study of the merits of individual stocks and bonds will be just as applicable in the future as it has been in the recent past, and we all know that the market for several years has had an almost unprecedented degree of selectivity.

We in this business have a service to render our clients in helping them to protect their capital, and when possible to increase their capital, and I believe that for some time we shall be operating in an environment where success in this endeavor will not be impossible. Those who have had the good fortune to have held to a confidently optimistic attitude in the past two and one-half years have not suffered from this attitude. May I suggest that a similar policy will be worthwhile for some time to come.

Twin City Rap. Transit Bonds On Market

An underwriting syndicate headed by Dillon, Read & Co. offered Oct. 17 $7,000,000 Twin City Rapid Transit Co. 4% collateral trust bonds, due Oct. 1, 1964, at 101½ and interest to yield 3.89%.

Proceeds from the sale, together with proceeds of a $2,000,000 five-year 1½% to 2½% serial bank loan and other funds of the company, will be used to redeem the company's entire funded debt, consisting of $10,888,600 first lien and refunding 5½% series A and B bonds. The series A bonds will be redeemed on Dec. 1, 1944, and the series B bonds on Jan. 15, 1945, both at 102.

Associated with Dillon, Read & Co. are: Allison-Williams Co.; Bacon, Whipple & Co.; Alexander Brown & Sons; H. M. Byllesby & Co., Inc.; Central Republic Co., Inc.; J. M. Dain & Co.; Equitable Securities Corp.; Frank & Belden, Inc.; Hirsch, Lilienthal & Co.; Kalman & Co.; Kidder, Peabody & Co.: Laurence M. Marks & Co.; The Milwaukee Co.; F. S. Moseley & Co.; Paine, Webber, Jackson & Curtis; Park-Shaughnessy & Co.; Arthur Perry & Co., Inc.: Piper, Jaffray & Hopwood; Reinholdt & Gardner; Riter & Co.; Shields & Co.; Tucker, Anthony & Co.; Woodard-Elwood & Co.

Predicts Continuation Of Easy Money Policy

Guaranty Trust Company Sees Present Low Interest Rates Prevailing In Post-War Period. Holds Available Facilities For Credit Expansion Amount To $206 Billion Over Present Level And That Possible Narrowing Of Credit By Gold Exports Will Be Offset By Reduced Money In Circulation.

In the September issue of "The Guaranty Survey," the monthly publication of the Guaranty Trust Co. of New York, the opinion is expressed that because transition to peace will be strongly influenced by public policy, there is no likelihood that the supply of credit will be reduced and that interest rates will advance. After directing attention to the need for additional Government borrowing after war which will come about through necessary refunding operations and the redemption of substantial amounts of savings bonds, even assuming that the Federal budget will be balanced, the Survey states "the monetary policy of the Government will undoubtedly be influenced by general economic considerations, as well as by fiscal needs. Such considerations, however, would seem also to be on the side of easy money. Probably the greatest dread of public officials is the possibility of mass unemployment, particularly during the critical transition period, when industry will be incompletely equipped for peacetime operations and millions of men discharged from the armed forces will be seeking civilian work. It is hardly conceivable that the Government would voluntarily incur even the slightest risk of allowing tight credit conditions to impede reconversion.

Base For Potential Credit Expansion

"Nor does there appear to be any doubt of the Government's ability to provide a base for enormous credit expansion," continues the Survey, "in addition to the huge expansion that has already resulted from the war. Under present laws the Federal Reserve banks are required to maintain reserves of gold certificates equal to 40% of the amount of Federal Reserve notes outstanding and reserves of 35% against their deposits. The present amount of Federal Reserve notes is $20.0 billion, requiring a reserve of $8.0 billion. Deposits amount to $15.9 billion and require a reserve of $5.6 billion. To meet their combined reserve requirements of $13.6 billion, the Federal Reserve banks have total reserves of $19.0 billion, or $5.4 billion in excess of requirements. If there were added to this amount the $1.8 billion of gold in the Stabilization Fund, it would provide a total of $7.2 billion in surplus reserves, enough to support an expression of $20.6 billion in deposits, over and above the present deposit liability.

"Member banks of the Federal Reserve system are required to maintain on deposit with the Federal Reserve banks certain percentages of their deposits as reserves. The present requirements are 6% against all time deposits. 20% against demand deposits of banks in central reserve and reserve cities, and 14% against demand deposits of other banks. Under the present law, however, the Federal Reserve Board has authority to reduce reserve requirements to 13% for central reserve city banks, 10% for reserve city banks, and 7% for other member banks against demand deposits, and to 3% against time deposits of all member banks. (These lower rates were in effect from 1917 to 1936.) If this authority were exercised, the average requirement against all deposits in the banking system would be about 10%. The $20.6 billion by which the Federal Reserve banks could increase their deposits, therefore, could become the reserve base for $206 billion in additional commercial bank deposits.

Other Devices Available

"Each time a bank increases its loans and investments, deposits in the banking system are commonly increased by approximately the same amount. Hence, presently available facilities would permit credit expansion amounting to $206 billion, over and above the total now outstanding. The additional credit could be divided in any proportion between loans and investments, or between public and private borrowing. This appears to be far in excess of any amount likely to be required, either during the war or for an indefinite period thereafter. Even greater expansion could be provided for by other devices at the disposal of the Government, such as the use of free gold in the general fund of the Treasury, the use of the Treasury's seigniorage or profit from the coinage of silver, the devaluation of silver and subsidiary coins, the suspension of penalties for reserve deficiencies of the Federal Reserve banks, the issue of additional greenbacks and Federal Reserve bank notes, and the use of possible Treasury profits from gold transactions at prices other than the legal parity.

"The foregoing figures make no allowance for a narrowing of the credit base through gold exports or for competing demands on existing reserves such as might result from further expansion in the amount of money in circulation. Substantial gold exports after the war are a distinct possibility, although how much of the $5.5 billion of foreign banking funds now in this country may be withdrawn in the form of gold, and how much in merchandise, cannot be foreseen. The possible effects of such exports on bank reserves might, however, be more than offset by a decline in the amount of money in circulation. Although the increase in the latter item during the past year appears to have been somewhat more rapid than the rise in wage and salary payments, it seems reasonable to believe that when payrolls decline at the end of the war there will be some return of currency to the banks. The experience of the period after the first World War in this country, as well as in England and Canada, has led to estimates that the reduction might amount to between $5 billion and $10 billion."

F. H. Curtis V.-P. Of Robt. Hawkins Co.

BOSTON, MASS. — Robert Hawkins & Co., Inc., 10 Post Office Square, announce that F. Harman Curtis has become associated with them as Vice-President.

For a number of years Mr. Curtis acted as a street broker in municipal bonds in Boston and during the first World War had charge of sales of Government bonds on the Boston Common. Later he joined the Boston office of Eldredge & Co. Leaving Eldredge & Co. in 1928, he became associated with The First of Boston Corporation, affiliate of The First National Bank of Boston, and organized their municipal bond department in Boston, New York and Chicago.

In 1935, Mr. Curtis became a partner in the firm of Newton, Abbe & Co., now E. M. Newton & Co., with which firm he has been connected until the present time.

Attractive Outlook

The outlook for L. A. Darling Company, manufacturers of metal display fixtures and producers of papier-mache and composition displays, appears particularly attractive according to a memorandum on the situation being distributed by Allman, Moreland & Co., Penobscot Building, Detroit, Mich., members of the Detroit Stock Exchange. Copies of the memorandum may be had from Allman, Moreland & Co. upon request.

Switch With Possibilities

Vilas & Hickey, 49 Wall Street, New York City, in a current bulletin discuss an interesting rail "switch" with attractive possibilities both now and after the war. Copies of this bulletin may be had from the firm upon request.

Also available on request from Vilas & Hickey is a summary of ICC comment for October, and a calendar of coming rail events.

$9,450,000

City of Baltimore, Maryland

1¼% and 2½% Bonds

Legal Investment, in our opinion, for Savings Banks and Trust Funds in New York State

These Bonds, to be issued for various purposes, in the opinion of counsel will constitute valid and legally binding obligations of the City of Baltimore, payable from ad valorem taxes levied against all the taxable real property therein without limitation as to rate or amount.

$6,550,000 1¼% Water Bonds due annually August 15, 1960 to August 15, 1969, inclusive
To yield from 1.15% to 1.35%

$850,000 1¼% Harbor Bonds due annually July 1, 1947 to July 1, 1976, inclusive
To yield from 0.60% to 1.45%

$2,050,000 2½% School Bonds due annually August 15, 1947 to August 15, 1949, inclusive
To yield from 0.60% to 0.75%

These Bonds are offered when, as and if issued and received by us and subject to approval of legality by Messrs. Wood, Hoffman, King & Dawson, whose opinion will be furnished upon delivery. The offering circular may be obtained in any State in which this announcement is circulated only from such of the undersigned as are registered dealers and are offering these securities in compliance with the securities law in such State.

THE FIRST NATIONAL BANK OF CHICAGO
HALSEY, STUART & CO. INC.
BLAIR & CO., INC.
COFFIN & BURR INCORPORATED
EASTMAN, DILLON & CO.
HEMPHILL, NOYES & CO.
HORNBLOWER & WEEKS
ADAMS, MCENTEE & CO. INCORPORATED
CENTRAL REPUBLIC COMPANY (INCORPORATED)
A. G. BECKER & CO. INCORPORATED
OTIS & CO. (INCORPORATED)
COMMERCE TRUST COMPANY KANSAS CITY, MO.
FIRST NATIONAL BANK OF MINNEAPOLIS
CITY NATIONAL BANK & TRUST CO. KANSAS CITY, MO.
ROBERT GARRETT & SONS BALTIMORE
FRANCIS I. DUPONT & CO.
THE MILWAUKEE COMPANY
THE ILLINOIS COMPANY OF CHICAGO
STROUD & COMPANY INCORPORATED
GEO. B. GIBBONS & CO. INCORPORATED
MARTIN, BURNS & CORBETT, INC. CHICAGO
WILLIAM R. COMPTON & CO. INCORPORATED
J. R. WILLISTON & CO.
GORDON GRAVES & CO.
THOMAS & COMPANY PITTSBURGH
THE FIRST NATIONAL BANK OF MEMPHIS
BIOREN & CO. PHILADELPHIA

Dated August 15, 1944 and July 1, 1944. Principal and semi-annual interest, February 15 and August 15 and January 1 and July 1, payable in Baltimore, Md. Coupon Bonds in the denomination of $1,000, registerable as to principal only. The information contained herein has been carefully compiled from sources considered reliable, and while not guaranteed as to completeness or accuracy, we believe it to be correct as of this date.

October 19, 1944.

Future Of Government Securities

(Continued on page 1683)

from utter stupidity down through viciousness to absolute fraud and dishonesty. Humanity, always pathetically on the lookout for a short-cut, for the easy way, will be eager to believe these Pied Pipers and will march behind them unless our banks, our sound economists, our decent politicians, our moulders of opinion of the press and the radio, and, as World's Fair Grover Whalen used to put it, our "men of good-will" in every line pull together and point the true way.

The only honest way, the only sound way, **especially for the poor man**, is the hard way of government economy, high taxes, balanced budgets and growing individual initiative. Yet, humanity hates to go to the woodshed — anything rather than the hard way will appeal to them. It will take the combined efforts of all of us to resist the Lorelei with their siren song of debt alleviation at the expense of the banks. It is high time we got started on a campaign of education and identification of the interest of the man in the street with the interest of the bank on the corner in a sound government debt policy. My remarks today are based on the assumption that a continuing, aggressive and successful campaign of such public enlightenment will be waged by our banks and our modern Alexander Hamiltons.

Although everyone knows that the future of government securities is inevitably tied up with the future of interest rates, the closeness of the relationship is dramatically brought home to us every now and then. Thus, the other day a distinguished economist came to Massachusetts and was reported in the press as saying that interest rates on government securities would go up to 4 or 5% a year or so after the end of hostilities.

At the outset, we must admit that he has the "law and the precedents" on his side. In the past, the capital destruction of war inexorably has been followed by higher interest rates. And, is not this global war the most expensive and the most destructive war of all time? Then, why can't we stand in the middle of a history book and predict that history will repeat itself? The answer is that history will not repeat itself because the **interest rate is not what it used to be** and, furthermore, other conditions have changed also.

If this is clearly understood, there will be little difficulty in following my reasoning and reaching my conclusion that, barring a sharp inflationary increase in the general price level, interest rates are not going to increase appreciably in the foreseeable future; that is, for three or four years after the end of the war.

I well remember how my distinguished colleague at New York University, Dr. Marcus Nadler, was greeted with open skepticism by bankers in 1934 when he first began to maintain that the increasing public debt would be accompanied by lower interest rates. He stood alone for a long time and, even today, many economists, who have been forced by the event to admit that his prophecy was correct, continue to assert that interest rates "have to go up." They cannot deny that the monetary authorities have controlled the money market and capital market exactly in accordance with the needs of the Treasury. But. they insist, the past tight control cannot be continued for the future. I do not agree with them. On the contrary, I am convinced that the Treasury and Federal Reserve authorities can, and will without hesitation, continue their close control of the money market during the war and the immediate post-war period. Certainly, it is to the interests of the Treasury to do so. As a matter of fact, no one denies that the Federal authorities want to keep interest rates down — the only question is, can they? May I reassure you as definitely and directly as possible: There is no question in my mind but that the monetary authorities can keep interest rates down, **or push them even lower**, if they feel it is advantageous to the Government for them to do so.

Let us briefly discuss the more important powers the monetary authorities have over money rates. Their **present** powers are: (1) reduction in reserve requirements to where they were originally (there is nothing sacred about 20% or 14%); (2) substitution of Federal Reserve **Bank** Notes which require no gold cover for the outstanding Federal Reserve Notes with their 40% requirement; (3) large open market operations by the Federal Reserve Banks; (4) desterilization of the gold held in the Stabilization Fund; (5) monetization of the accumulated silver seigniorage profit; (6) aggressive administrative action in carrying out the statutory silver policy with maximum monetization, and (7) tightening of the various controls over the capital market.

These powers are so great that the Treasury, if necessary, can, through their utilization, maintain money market rates at practically any level desired. Furthermore, if these powers should, by any chance, prove inadequate, can you conceive of a Congress which would not promptly furnish any additional authority which might be needed?

Great as these technical powers are, the old economic law of supply and demand still exercises basic control. So, let us take a minute or two and analyze the present and prospective supply and demand factors. It is beyond question that the present supply of money and credit is very large —in fact, by far the largest in our history. Yet, in my opinion, it is equally beyond question that it will become much larger — yes, far larger than you imagine.

To be specific:

1. The volume of deposits is unprecedented, is increasing rapidly and will continue to increase during the war and immediate postwar period, as the Government continues to borrow. Instead of the decrease in deposits which so many expect, the end of the war will probably inaugurate an even more rapid increase than the present as (a) people turn in their E, F, and G bonds for cash, and (b) corporations which invested large amounts of depreciation, depletion, surplus and other reserves in Certificates of Indebtedness present them for redemption. Several billion dollars of such debt (no one can say just how much) will undoubtedly be shifted to the banks via the Treasury through the sale of additional bills and certificates to them. This will further increase the swollen volume of deposits.

2. With the end of Lend-Lease there is a good probability of an inflow of gold or at least a release of gold from "earmarking," which will not only increase deposits but will also create a corresponding amount of reserve balances at the Federal Reserve.

3. After the war, hoarding will decrease, money now burning the pockets of war workers will be spent (circulation was $23.2 billions at the end of August in contrast to $4.7 billions which did the job in **1929**) and there will be a considerable return flow of currency from abroad, which also will increase both deposits and reserve balances.

4. On the supply side of the **capital market**, the great increase in recent years in pension plans and in the volume of life insurance will provide continuing large sums for investment in high grade securities.

5. Likewise, the widespread inclusion of amortization provisions in real estate mortgages in recent years will furnish a **new** and continuing supply of funds to the capital market.

So much for the supply side; now let us look at the other side, demand.

While there is no agreement (even among the experts!) as to the probable demand for bank credit and capital after the war, it is my considered view that the demand will be far less than most bankers expect. My reasons are as follows:

1. Business **in the aggregate** already holds enough cash, deposits and government securities to do the job of conversion and, in addition, to finance a considerable expansion of manufacturing, merchandising and **credit** facilities.

2. Our swollen production facilities and easy money conditions will cause many producers to enter the field of consumer credit **directly** in the forthcoming no-quarter battle for the consumer's dollar and, while I hate to discourage you, in general they will not need to borrow to develop this field.

3. Prompt settlement of war contracts is promised and apparently will be carried through, releasing tied-up funds.

4. A recent Federal Reserve Board study of the ownership of deposits showed that 92% of manufacturing and mining deposits was held in accounts above $10,000. Giving consideration to the huge wartime increase in deposits, their study indicates pretty clearly that the post-war volume of borrowing will be relatively small, at least so far as the larger companies are concerned.

Partially offsetting these negative demand factors are the following positive demand indications:

1. There will be a moderate demand for capital and some bank credit to help industry acquire certain of the more strategically situated government owned war plants.

2. With the resumption of building, mortgage money will be in strong demand.

3. Probably the greatest demand for capital will come from the States and their subdivisions, particularly the municipalities which will be in the market for funds to finance the public works postponed during the war.

I would summarize the outlook thus:

The present supply of both long and short term credit appears to be equal to any demands which are likely to be experienced — and the supply is increasing and will continue to increase for a considerable period of time after the end of hostilities. Furthermore, there is nothing on the demand side, barring a very sharp increase in prices, which indicates any extraordinary needs for credit. On the contrary, the outlook is for a very moderate demand for conventional bank credit. Hence, **even without the use of the powers** the monetary authorities have, the position of the money market, present and prospective, warrants the assumption that there cannot be, and will not be, any material increase in money rates.

On the basis of the pertinent facts, it seems indisputable that the era of low interest rates, which we have entered, will be with us for a long time. **(Next sentence Off the Record).** The diehards will have to give up their 6% complex. And, we might as well adjust our thinking to the new conditions.

We will next turn our attention to the tax-exempt government securities. In addition to reflecting the prevailing money rates, these securities come under the influence of taxes and **rumors of taxes and tax changes.** The newest Ruml plan and the current wave of talk about reducing taxes (in which the wish has largely been father to the thought) has caused the tax exempts to soften and give up a point or so. If the factors, such as the tax situation of your institution and the ratio of capital to deposits, which caused you to buy the exempts instead of fully taxable securities in the first place, do not dictate a change, I would not be too much concerned, although the technical situation in the market may cause a further drop.

Of course, **if you believe that taxes are going to be reduced soon**, then you might well consider a switch. But, Byrnes, our so-called economic dictator, categorically stated that there will be no tax reduction until after the defeat of Japan.

As for the Ruml plan, I do not believe it has much chance, if any. Under it individuals would bear approximately 75% of a total tax burden 3½ times greater than the pre-war burden, of which they bore only 27%—**about ten times as much.** As individual taxpayers vote and corporations do not, can you even imagine a Congressman backing such a bill?

As a matter of fact, corporations do not like the plan either. because of the proposed tax of 16% on undistributed earnings. This tax would force large dividends in good years and, in consequence, labor would insist on wage increases. In poor years, earnings would drop and dividends would drop even more, but wages would stay up. Frankly, it is hard to see just who would support the proposal if it were introduced in the Congress.

Tax reduction is like the old negro spiritual which runs "everybody who believes in heaven isn't going there." Everyone is in favor of tax reduction, **especially in an election year.** I should like taxes reduced, too; but, as I also believe in a balanced budget, I shall be satisfied if our fiscal situation permits a few modest tax reductions **after the war is won.**

Although it is generally conceded that the Federal budget need not be balanced every year, it is nonetheless imperative that, over a period of years, the deficits be exceeded by the surpluses sufficiently to reduce the public debt in accordance with sound long-term retirement plans. Whereas government spending through unbalancing the budget might have some justification when the volume of deposits is relatively small and decreasing because of the liquidation of bank loans, as was the case from 1930 to 1936, no such justification exists today.

As I have said three times in this talk, the volume of deposits is abnormally large and, furthermore, the outlook is for a post-war volume five or six times the **normal** pre-war total. Such unbalanced budget spending would have to be financed by the sale of securities to the banks which would still further increase deposits. This would be highly unwise and unsound. While no one can determine with certainty the economic limit of the public debt of a country, there certainly is such a limit and if the debt goes beyond it, public confidence is undermined. A large floating debt and heavy holdings of government obligations by the general public makes a country very vulnerable to such a danger.

Consequently, any plan which puts tax-reduction before budget balancing should be energetically opposed by all of us regardless of theory or how much we suffer personally. The idea that a balanced budget is not necessary is getting a little shopworn and out of date. Sound fiscal conditions are far more important than any reduction in taxes could be.

In closing, I have two suggestions.

First, some of the savings bonds in the hands of the public fall due next year. It would be helpful to know how the Treasury intends to handle the maturity and it would be appropriate for the banks to ask what plans have been made.

Second, banks more than ever must protect one another. One of the greatest services they can render themselves, as well as all of us, is for them to hold securities which they can shift with the deposits when the inevitable criss-crossing of deposits starts with the end of the European war. If the bank losing deposits sells securities which the banks receiving the deposits want to buy, the market will not be disrupted. Banks expecting to lose deposits should have such securities to sell and thus preserve the asset values of all the banks.

Looking ahead, if you get discouraged, in spite of all I have said, just remember that if it gets dark enough you can see the stars.

McGee Heads N. Y. Bank Credit Group

Hugh H. McGee, Vice-President of the Bankers Trust Company of New York, was named Chairman of the Credit Committee of the $100,000,000 Bank Credit Group of New York City on Oct. 16 as representatives of the particpating banks held their first meeting and took steps to complete their organization. Formation of the group, which was organized to provide an additional source of bank credit for small and medium-sized business in the reconversion and reemployment periods, was announced recently by Robert M. Hanes, Chairman of the Post-War Small Business Credit Commission of the American Bankers Association. It is the first such group to be created under the Commission's nationwide program. The announcement of its formation appeared in our Sept. 28 issue, page 1380.

Percy J. Ebbott, Vice-President of Chase National Bank, has been selected as Vice-Chairman of the Group, and William L. Kleitz, Vice-President of the Guaranty Trust Company, Secretary. Representatives of the participating banks comprise the Credit Committee which will handle all applications for loans submitted to the Group. The Bank Credit Group of New York City was organized as an added assurance of the availability of bank credit within the banking system itself for every sound and constructive need. It is expected that a major part of the post-war credit demands of business, industry and agriculture will be met by the individual banks in each community. If the local bank is not able to supply all of the credit required it is being urged by the Commission to make use of its long-standing working relationships with its correspondent banks. If, however, the banks, either directly or in cooperation with their correspondent banks, are not in a position to meet the full credit requirements of their communities they may then turn to the Bank Credit Group of New York City or similar groups which are being organized throughout the country as a third source of bank credit.

Any bank having its principal office in New York City, according to the agreement under which the group operates, is eligible for membership. The present members are: Bank of the Manhattan Company, Bank of New York, Bankers Trust Co., Brooklyn Trust Co., Brown Bros. Harriman & Co., Chase National Bank, Chemical Bank & Trust Co., Commercial National Bank & Trust Co., Continental Bank & Trust Co., Corn Exchange Bank Trust Co., Empire Trust Co., Fifth Avenue Bank, First National Bank, Grace National Bank, Guaranty Trust Co., Irving Trust Co., Lawyers Trust Co., Manufacturers Trust Co., Marine Midland Trust Co., J. P. Morgan & Co., Inc., National City Bank, New York Trust Co., Public National Bank & Trust Co., and United States Trust Co.

OUR REPORTER'S REPORT

Public offering of Commonwealth Edison Co. of Chicago's $155,000,000 of new first mortgage 3% bonds, placed on the market yesterday, proved to be what the distributors term a "red hot."

Constituting the largest part of the biggest single issue, $180,000,000 in all, ever filed with the Securities and Exchange Commission, the balance was taken by a group of insurance companies in exchange for bonds held, this huge underwriting moved with remarkable celerity.

A negotiated deal, bankers and dealers who handled the issue naturally had the advantage of being able to plan considerably ahead. Accordingly they were enabled to arrange for an underwriting and distributing set-up which embraced no less than 163 firms, on a nationwide scale.

Preliminary inquiry had made it a foregone conclusion that the issue would be a sell-out, which proved to be the case.

The new bonds, known as Series L, were priced at 104¼ for subscription and the sale provided funds for the retirement of outstanding series K bonds of the issuing company and an issue of bonds of its subsidiary, Public Service Co. of Northern Illinois.

Demand was of such proportions, according to those in a position to gauge the situation, that the transaction became an allotment proposition.

Repeat Performance Seen

Bond men were disposed to look for a similar response, when, as and if the $130,000,000 of Philadelphia Electric Co.'s new 2¾% bonds, offered for competitive bids yesterday, reach market.

The company had sought exemption from Rule U-12 on its contention that an issue of this size could be marketed to better advantage via a negotiated sale. But SEC denied its plea.

As company officials predicted at the hearing, the huge issue brought out only a single group bid, an original syndicate which had been prepared to market the issue by negotiation, having dissolved in the interim.

Subject to formal award and approval of terms by the SEC, it was expected that public offering by a distributing group of 127 firms would be made before the close of the week. Here again it looked as though a fast operation was in progress.

A Favorable Backdrop

Marketing of these two huge public utility undertakings found the track rather completely cleared of any left-overs from power company offerings brought out in recent weeks.

The market position of most of the offerings of recent date provides the best gauge of their distribution and it develops that the majority of such emissions are selling at or near their offering prices. Narragansett Electric 3s are a case in point, being quoted 104½ - 104⅞ against an offering quotation of 105.08.

Although rail issues of recent vintage are gradually disappearing, their performance has not been up to that of the utilities. There are still Eries; Gulf, Mobile & Northerns; Oregon & Washingtons, and Pittsburgh, Cincinnati, Cleveland & St. Louis around.

Single Bid for Wabash

As time drew short, late on Tuesday, there was every indication that Wabash Railroad would probably receive only a single group bid for its projected offering of $47,000,000 of new bonds when tenders were opened yesterdoy.

A second syndicate had been in prospect but, as conversations among potential participants came up to the finish line, it developed, according to report, that some could not agree on matters of interest rate and price which bidders were called upon to fix under terms of the sale.

As a consequence this group finally decided against entering a bid for the issue and it was assumed that unless a "sleeper" bid materialized only a single group would be in the market.

Southern Pacific Exchange Offer

Reports that Southern Pacific would do some refinancing materialized when the road filed details for a projected refunding of $88,211,000 of outstanding Central Pacific first and refunding 4s.

The Central Pacific, operated under lease, is seeking ICC approval to issue $50,000,000 of new series A bonds in exchange for part of the outstanding 4s. The balance presumably would be provided for by later action.

Mallory Interesting

P. R. Mallory & Co., Inc., offers an interesting situation, according to an analysis prepared by Steiner, Rouse & Co., 25 Broad St., New York City, members of the New York Stock Exchange. Copies of this analysis may be had from Steiner, Rouse & Co. upon request.

New Issues

$33,000,000

Department of Water and Power of The City of Los Angeles

Electric Plant Refunding Revenue Bonds

Payable, both as to principal and interest, solely from the Power Revenue Fund established by the Charter of The City of Los Angeles in which are required to be deposited all revenues in connection with the operation of the electric works of the City.

Interest exempt, in the opinion of counsel for the purchasing group, from Federal Income Taxes under the existing statute as thus far construed by the Courts.

Bonds maturing on or prior to October 1, 1953 are not subject to prior redemption. Bonds maturing October 1, 1954 and thereafter may be redeemed, in whole or in part, at the option of the Department, in such manner as it may elect, on October 1, 1948, and on any interest payment date thereafter prior to maturity upon 30 days' prior published notice at 100¼% plus ¼ of 1% for each twelve months' period, or fraction thereof, from the date of redemption to the maturity date of such Bond, but not exceeding 105%, plus, in each case, accrued interest.

Coupon bonds in denomination of $1,000 each, registerable as to principal only or as to both principal and interest. Principal and semi-annual interest (April 1 and October 1) payable in any coin or currency of the United States of America which at the time of payment is legal tender for public or private debts, at the office of the Treasurer of the City, in The City of Los Angeles, or, at the option of the holder, collectible at the current official bank of the Department in The City of New York.

$21,000,000—1½%, 1¾%, 2%, 3½% and 4% Bonds, Second Issue of 1944

Dated October 2, 1944. Due various amounts October 1, 1948 to 1975, incl.

Prices yielding 0.90% to about 2.02%

according to coupon rate and maturity. Accrued interest to be added.

$12,000,000—1½%, 1¾%, 2%, 3½% and 4% Bonds, Third Issue of 1944

Dated October 1, 1944. Due various amounts October 1, 1945 to 1978, incl.

Prices yielding 0.50% to about 2.02%

according to coupon rate and maturity. Accrued interest to be added.

These Bonds are offered if, as and when issued and delivered and subject to the approval of all legal proceedings by Messrs. Wood, Hoffman, King and Dawson of New York, N. Y., Bond Counsel for the Department, Mr. Ray L. Chesebro, City Attorney of The City of Los Angeles, and Mr. S. B. Robinson, Chief Assistant City Attorney for Water and Power of The City of Los Angeles. It is expected that delivery of temporary bonds of the Department will be made on or about October 26, 1944.

For further information relating to the Department of Water and Power of The City of Los Angeles, its electric operations and earnings, and for a more complete description of these Bonds and the provisions with respect thereto, reference is made to the Official Statement dated October 17, 1944, copies of which may be obtained from only such of the undersigned as are registered dealers in securities in this State.

Harriman Ripley & Co. Incorporated
Lehman Brothers
Blyth & Co., Inc.
Halsey, Stuart & Co. Inc.
Smith, Barney & Co.
The First Boston Corporation
Blair & Co., Inc.
Ladenburg, Thalmann & Co.
Kidder, Peabody & Co.
Phelps, Fenn & Co.
White, Weld & Co.
Hallgarten & Co.
A. C. Allyn and Company Incorporated
Weeden & Co. Incorporated
Stranahan, Harris & Co. Incorporated
R. W. Pressprich & Co.
Hemphill, Noyes & Co.
F. S. Moseley & Co.
B. J. Van Ingen & Co. Inc.
Graham, Parsons & Co.
Stone & Webster and Blodget Incorporated
R. H. Moulton & Company Incorporated
Eastman, Dillon & Co.
Paine, Webber, Jackson & Curtis
Estabrook & Co.
Heller, Bruce & Co. Incorporated
Stifel, Nicolaus & Co. Incorporated
Hornblower & Weeks
W. E. Hutton & Co.
Alex. Brown & Sons
The Illinois Company of Chicago
The Wisconsin Company

October 18, 1944.

Price Control Objectives During Reconversion

(Continued from first page)

American industrial workers and American business management, working closely with the War Production Board, have raised industrial production 129% over pre-war levels. Our record of war-time production is an absolute miracle of modern planning and vigorous effort.

Our farmers and cattle raisers, working closely with the War Food Administration, have increased farm production to unheard-of levels. In spite of shortages of man-power and equipment they have produced more food and better food than the most optimistic pre-war prophecies foretold.

Our railroads and truckers, working with the Office of Defense Transportation, have carried double their pre-war burden—with a minimum of delays and a maximum of effectiveness and speed.

And in spite of huge inflationary pressures, all of us—business men, labor, and farmers, working within our organization, the OPA—have maintained a relatively even level of prices.

Industrial prices have risen less than 3% since the spring of 1942, thus saving all of us as taxpayers countless billions of dollars on the cost of the goods that the Government must buy to fight the war.

The cost of living—averaging in rent, food, clothing, and house furnishings for the middle-income family—has risen only 9% in that same period. During the last 15 months it has scarcely risen at all.

Thus for the first time in any war we have managed to keep our price levels from skyrocketing upward. And in so doing we have given all of us—including the wives and families of our absent fighting men—protection that we have never had before in wartime.

Taken all in all, I believe we can agree that our war-time record has been good.

But now we face a new set of production and price problems.

The pricing policies which we have followed during the war period have been effective under war-time conditions. But today we look forward to more and more cutbacks in war production and the increased production of peace-time goods.

During the next 90 days we are hopeful that the war will be brought to a close in Europe. During the next 18 months or so we are looking forward to victory in the Pacific. As our economy partially reconverts to peacetime requirements we will be called upon to face rapidly changing economic conditions.

Within three months after Germany is defeated it is estimated that plants now producing 40% of our war goods can be freed for the manufacture of civilian goods. More than 4,000,000 war workers will be made available for the production of goods for which the American people are eagerly waiting.

The Federal Government has made it clear that industry will be assisted and encouraged to resume the manufacture of civilian goods as rapidly as possible. To this end the War Production Board has announced that it will lift controls over most materials and manufacturing immediately after V-E Day. The War Manpower Commission has stated all man-power controls will be lifted except in relatively few areas where they are essential to continued war production.

The only lasting answer to inflation is full production of civilian goods with all possible speed. For this reason we in the OPA welcome these developments as a major aid in holding prices stable.

But even under the most favorable conditions our pricing task will be a ticklish one. A weak price policy during the next few months can set in motion all the powerful inflationary forces that surround us. A rigid price policy in which no allowance is made for legitimate increases in costs could stifle employment and production and head us straight for a major depression.

During the war our efforts have aimed solely at checking inflation. On V-E Day the picture will change. When the telegrams go out canceling war orders, the forces of deflation will begin to develop. From that day on until full production is achieved and supply and demand come into reasonable balance, the forces of inflation and deflation will exist in our economy side by side. Right now it is impossible for anyone to say with finality which will be the greater.

Let's first take a look at the huge inflationary pressures all ready to push prices up as soon as the war in Europe ends.

By the end of 1944 $100,000,000,000 of war-time savings will be waiting in the hands of people who have been unable to buy many of the things they wanted most—a new car, an electric refrigerator, a washing machine, a sewing machine, a new stove, new farm machinery, a new house.

Obviously, it will be impossible to produce all of these articles in sufficient quantities immediately. But people don't like to wait. The pressure of buyers with good jobs and a backlog of war-time savings will be tremendous.

Merchants will be anxious to be among the first to offer new goods for sale. The retailer who can quickly build a good inventory will be in a position to capture the business.

Every manufacturer, too, will want to be among the first produce these goods. The competition for materials will be considerable. To back up this competitive desire for inventories and raw materials are billions of dollars in war-time reserves.

But as I have pointed out, inflationary pressures are only one-half the story. Deflationary pressures—some of them inescapable, some of them potential, are equally dangerous.

The closing of plants built only for war production (which probably cannot make peace-time goods) will require an estimated 2,000,000 people to look for peacetime jobs elsewhere. Millions of others will face temporary unemployment while the plants in which they work set up their new production lines for civilian goods.

In all plants changing over to civilian production the return to the 40-hour week will reduce the workers' weekly take-home pay. Even a 10% cut in hours, which seems probable soon after V-E Day, will cut salaries and wages by something like $12,000,000,000 in a year.

Adequate unemployment compensation will, of course, help to some degree to hold up purchasing power. Our huge backlog of savings will also serve as an anti-depression asset. But fear of prolonged unemployment can make people hesitant to spend their savings except for necessities. A man out of work goes slow in building a new home—even though his savings account is still ample.

Up to now business and industry have been able to absorb the men—more than 1,250,000 of them—who have been mustered out of the armed forces. However, when our soldiers and sailors start coming home after V-E Day there may be more men than jobs until industry hits its stride.

If reconversion is slow, the national income will be dangerously down while millions of workers are waiting to return to work. Slowness in reconversion would also mean a letdown in demand for basic raw materials.

The Government has been spending about $70,000,000,000 a year for war materials and construction, and that money has provided good jobs at high wages. Within three months after the defeat of Germany it is estimated that this will be cut to about $40,000,000,000. To a major extent that is money out of our pockets, until we get civilian production going on a comparable scale.

Some of these deflationary threats we cannot hope to avoid. Some of them are temporary, and the speed or slowness of reconversion will determine the extent of their influence. Others may not materialize, unless business men and their customers—frightened of the future—are afraid to invest and spend their money.

But after V-E Day the threat of deflation cannot be ignored.

Statistics alone cannot measure either of these dangerous economic forces. Behind them lie the psychological factors of over-optimism on the one side or fear on the other. Both of these are products of uncertainty.

Uncertainty about prices is one of the most dangerous. It could lead to a wild speculation or to a drying up of purchasing power. That is why we are determined to do all in our power to hold prices stable during the months ahead.

I don't think we should forget that we faced this reconversion problem once before, and that that time we bungled it, bungled it badly. In November, 1918, when the Armistice was signed such price controls as existed were pulled off almost immediately. The economy was left to find its own way back to normal. For a few months prices and wages did remain stable, even declined slightly. But by spring of 1919 they were surging upward once more. As a result, almost half of the total inflation of the last war occurred after the Armistice. For a year and a half we had a mad speculative spree. In the middle of 1920 we began to pay the piper. The bubble burst and a savage deflation set in which carried prices and wages downward even more rapidly than they had risen. Wholesale prices fell 40%. Unemployment shot up by nearly 6,000,000; payrolls shrank 44%, and the average weekly earnings of workers who kept their jobs were cut by one-quarter.

Corporate profits tumbled from 6½ billion in 1919 to a loss of 55 million in 1921. Inventory losses totalled 11 billions and wiped out practically all the reserves accumulated out of wartime profits. Business failures in the next five years totalled 106,000, 40% more than in the five years 1910-14.

The farmers too took a beating. Farm prices fell 61% and taking into account inventory losses, net farm income tumbled from nearly 9 billion to less than 3 billion. In the next five years 453,000 farms were lost through foreclosures.

That's the story of reconversion after the last war. Everybody had moved up together and everybody came down together. We went up fast; we came down hard. It's a story that provides a perfect lesson on how **not** to handle the problems of reconversion.

How can we take advantage of the lessons of history and avoid repeating the same calamity on an even greater scale? Obviously it will take the closest cooperation by industry, labor, agriculture, trade and government. The OPA's job in meeting this responsibility is pricing—and pricing alone. It seems to me that our job is divided in three parts.

First, we must continue to hold the line against inflation. We can't let our fighting men come home this time to face rising rents and climbing food and clothing prices as they try to get a new start in civilian life. We cannot afford to let the price level go, and with it the wage level, in a speculative spree that must inevitably be followed by a collapse. This isn't going to be easy.

Second, we must set prices on the consumer durable goods which have been out of production during the last 2-2½ years. In general, our objective in setting ceiling prices for these new goods will be the manufacturer's own 1942 prices. These are the prices he was charging when he converted from civilian to war production. And, with few exceptions, these are the ceilings in effect today for any manufacturer still producing the same or similar goods.

This means that any manufacturer who is planning to put new civilian goods on the market at 1942 prices or less knows **now** that his ceiling price will **not** be lowered. As soon as production and manpower controls are released, he can proceed at once. Reconversion pricing will not be one of his problems.

In practically all consumer durable goods industries there have, of course, been increases in wage rates and some increases in material prices. But we know from the wartime experience that increased wage rates and material prices need not be fully reflected in price increases for the finished product.

In industries now under price control, such as textiles, meat packing, paper and pulp, for example, substantial increases in either hourly wages or materials prices, or both, have occurred. In none of these cases, however, has it been necessary to allow price increases anywhere near equivalent to the cost increases.

In most cases the price increase has been only a small fraction of the full equivalent. Nevertheless, profits have moved up sharply—so sharply, in fact, as to suggest that the cost increases should often have been entirely absorbed without unfairness to the industry.

Our experience in these fields and dozens of others strongly suggests that in the **consumer durable goods** industries, where increases in wage rates have been no greater and increases in materials prices have been substantially less, production for most companies can be resumed at approximately 1942 prices.

There are some companies, however, and perhaps a few industries whose costs have risen so far above their 1942 level as to make full absorption impossible. These will need new prices. They will need them quickly, and we intend to see that they get them.

It is our hope that ceiling prices for the major fields can be arrived at through industry-wide conferences in Washington. We are now holding meetings with members of the automobile, electric refrigerator, washing machine, radio and a few other industries—representing on a dollar volume basis 80% of the entire reconversion pricing problem.

At these meetings we will discuss the volume each industry plans to achieve; what they are going to pay for labor and materials; the savings they expect to make through increased plant efficiency, and lower sales costs.

In those cases where an increase over the 1942 price level is really needed to bring any product back on the market, an increase will be given. We will make every effort to set ceilings at a point that will lead manufacturers to expand, not restrict, their production.

I am well aware that any delay on our part in setting prices would be an even greater hardship for small manufacturers than for large ones. We must make sure that any manufacturer who needs a new price can get a decision quickly. In order to do this, we will authorize the 93 OPA District Offices, located in all parts of the country, to set the final ceiling prices for all reconverted products not on the key list of 12 major items.

Many firms have already indicated that they plan to sell at their 1942 prices, or even lower, as soon as they can get back with civilian production. They will not need to call on our field offices at all.

Firms whose higher production costs make a price adjustment necessary will be able to present the facts to the nearest office and receive a price based on a set of standards arrived at in Washington. These will be standards that can be quickly applied without referring back to Washington.

The exact method by which the prices for the smaller firms will be set and the standards which will be followed are now under discussion with many of our advisory groups and with our field officers, on whom much of the administrative burden will fall.

Barring the sudden end of the war in Europe, the details will be withheld until these discussions are finished.

A complete plan, including pricing standards for the smaller manufacturers, however, has been fully developed. If necessary, we are prepared to announce full details of the pricing procedure that each manufacturer (with the exception of those making the "major items" listed above) will follow within 48 hours after V-E Day.

We are anxious to do this in order to eliminate as rapidly as possible all unnecessary red tape and needless regulation.

Our third job will be to get rid of controls as fast as possible. We have always looked upon price control as a stop-gap, a stabilizing wartime control to be dropped as soon as production brings supply and demand reasonably in balance. The last war, with its false economic calm after the Armistice, followed by a ruinous inflation and collapse, taught us the danger of moving abruptly and thoughtlessly. To maintan controls needlessly even for a few extra months would be equally mistaken.

The wartime lack of balance between supply and demand made price control necessary. When supply and demand come back into balance price controls will not be needed. As soon as there is no further danger of price increases in a particular commodity field there will be no reason for price ceilings in that field and we will drop them.

The exact timing will vary widely from item to item. But, working with Industry Advisory Committees, we will watch each field closely. We will rely heavily on their recommendations as to when controls can be safely removed.

This is the program which we are going to do our level best to carry through. Whether we will be able to do it or not is another matter. It depends a good deal on how the situation shapes up after V-E Day. Prophecy is always dangerous, and I have no desire whatever to set myself up as a crystal gazer. But assuming that the war ends this year, I think we can afford a few guesses about what may happen soon after the end of the war.

Let's put the cards on the table face up and look at them. Let me discuss the outlook as we see it with complete frankness.

Personally, I'm deeply worried about the situation which seems to me to lie ahead. We've come a long way successfully. I think thus far we have a record of wartime price control in which all of us can justly take pride. But the real crisis lies ahead, during which there is a chance that we may lose all the ground which has been won with such tedious effort during the last two and one half years of wartime price control.

Under the best of conditions no one can know for sure whether we can win through or not. Certainly we can't **hope** to win alone. We're neither strong enough or smart enough. Unless business and the general public see clearly the issues that lie ahead and give us their full help and support, we are likely to face an inflationary explosion in greater or lesser degree.

We are likely to pass through three periods during the year after V-E Day. In the first period prices of foods and some materials may actually sag below their ceilings. Business men, government and the general public may begin to relax. People may begin to feel that the inflation bugaboo has been vastly overdrawn.

Some of our ablest people, trained through difficult experience in the field of price control, will begin to talk of going home. Our problem during this critical period is not going to be to get the bureaucrats out of Washington, but to keep the good ones there to do the job. We are already beginning to experience personnel difficulties, and these difficulties will obviously increase immediately after V-E Day. It will take a good deal of patriotism and persuasion to keep the necessary working force together.

In this first period, there will be continuing pressures for higher prices on textiles and for higher rentals. There will also be strong pressures for higher prices on the consumers' durable goods which will be just beginning to come back on the market and for which the demand will far exceed the supply.

Under the surface, in this initial period, there will be a growing danger of inventory price inflation as manufacturers begin to compete for scarce supplies and distributors begin to hedge against the possibility of higher prices. But, on the whole, it will probably be a period of relative calm on the inflationary front. No great dangers will be apparent. The price indices of the Department of Labor may actually go down a bit.

The second period, beginning from five to seven months after the defeat of Germany, is likely to be the real period of crisis. It is in this period that the success or failure of our efforts to preserve the stability of our economy will be determined.

If, in the immediate period after V-E Day, our pricing on textiles and consumer durables were ineffective, the prices of these items would begin to rise. If we relax our general price standards, or if we yield to particular pressure groups, other prices would begin gradually at first to follow the leaders. Most pressure groups are made up of well-meaning people with perhaps an extra but entirely human dose of selfishness. Although they don't mean to be unpatriotic, they are just as dangerous as though they were consciously trying to blow up our economic system. We will be playing with economic dynamite during the coming months, and too many people don't realize that dynamite explodes.

In the third period, which may come nine to ten months after the war in Germany, the success or failure of our joint efforts will become clear. If rising prices are beginning to take charge there is very little that we could do. We would face a period of soaring prices with wages chasing along behind. There will be a rapidly growing inventory competition for scarce supplies. Black markets would flourish, and small producers or distributors would be squeezed tighter and tighter as big buyers swamped the market with speculative orders, protecting themselves against still higher price inflation.

An inflationary boom of this kind would inevitably end in collapse—tied in very likely with the end of the Japanese part of the war. Collapse would mean a violent shrinking of farm income, a rapid dropping off of corporate profits, widespread unemployment, wage cuts and the shrinking of our national income far below what we are capable of producing.

It seems very doubtful to me whether our economic and social system could stand such a shock. Certainly our returning soldiers, our industrial workers and our farmers would not willingly accept it.

But if we can keep our heads through the critical second period the success of our efforts will become obvious in the third period. The general level of prices and rents will become stable. Inventories will be building up in an orderly manner. Peacetime production will be growing steadily and surely.

In this third period under these conditions, the removal of price controls could be well under way. We will begin to withdraw controls from rents, food and perhaps textiles. We will be simplifying our controls on other commodities. We will be well along in the tapering-off period.

To sum it up, a major crisis in American economic history is in the making. If we lose out in this fight, all of the wartime accomplishments on the home front will be forgotten in the chaotic conditions which will result. We will have kicked away at the last moment the chance of bringing our economy through the war on a stable basis. The future of our whole economy is at stake.

However, if we win this fight, we will have laid down a solid basis for post-war prosperity. If we come through right side up, we have an opportunity to prove that our free enterprise system is capable of providing full production and full employment for all our people. We shall be able to provide jobs — good jobs — to our returning servicemen; to maintain farm markets and farm income; and to provide for the people of this country the abundance which our modern American economy is so fully capable of producing.

The period ahead is a critical one. It will call for good judgment, courage and economic statesmanship of a high order. Working together in the reconversion period as we have in the period of war, I'm confident we can successfully meet the challenge.

Outlook For Ins. Stocks

Huff, Geyer & Hecht, 67 Wall Street, New York City, in the current issue of their "News Review," have a detailed discussion of the outlook for insurance stocks and interesting suggestions as to investor action in these stocks. Copies of the "News Review" and a comprehensive study of Standard Accident Insurance Company may be had from the firm upon request.

Portfolio Changes

Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange and other leading exchanges, have prepared an interesting tabulation of purchases and additions, and sales and reductions, in the portfolio of The Lehman Corporation. Copies of this tabulation may be had upon request from Ira Haupt & Co.

This announcement is not an offer to sell or a solicitation of an offer to buy these securities. The offering is made only by the Prospectus.

Commonwealth Edison Company

$180,000,000

(of which $155,000,000 are to be publicly offered)

First Mortgage 3% Bonds, Series L

Dated August 1, 1944 Due February 1, 1977

Price 104¼% and accrued interest

The Prospectus may be obtained in any state in which this announcement is circulated from only such of the undersigned and other dealers as may lawfully offer these securities in such state.

HALSEY, STUART & CO. INC.

HARRIMAN RIPLEY & CO. INCORPORATED
THE FIRST BOSTON CORPORATION
GLORE, FORGAN & CO.
HARRIS, HALL & COMPANY (INCORPORATED)
LEE HIGGINSON CORPORATION
BLYTH & CO., INC.
GOLDMAN, SACHS & CO.
KIDDER, PEABODY & CO.
LEHMAN BROTHERS
MELLON SECURITIES CORPORATION
F. S. MOSELEY & CO.
SMITH, BARNEY & CO.
A. G. BECKER & CO. INCORPORATED
CENTRAL REPUBLIC COMPANY (INCORPORATED)
ALEX. BROWN & SONS
CLARK, DODGE & CO.
HORNBLOWER & WEEKS
STONE & WEBSTER AND BLODGET INCORPORATED
UNION SECURITIES CORPORATION

October 18, 1944

The Bank's Bond Portfolio

(Continued from page 1682)

tially threatens our surplus funds, we can resolve many of our bond problems. We can do this by adopting a policy based on the relationship of the bonds to the financial structure and deposit experience of our bank.

This declining margin, of course, reflects the expansion of investments in line with rising deposits. As this trend continues, it becomes increasingly important to minimize fluctuations in the investment account, to dispose of all risk assets and to shorten maturities wherever possible.

What, if anything, has the average bankers done to meet this situation?

The over-all figures of our banking structure as well as those published by individual banks indicate that the average banker has taken all the necessary precautions and in most cases has secured adequate protection against the possibility of a rise in interest rates and a consequent decline in bond prices.

The first step on the part of the banks to meet this situation was to substantially reduce investments in corporate and municipal obligations in order that they might be in a position to undertake the responsibilities associated with the financing of the vast requirements of total war. In addition to direct purchases, banks have been the leaders in the sale of War Savings Bonds and other government securities to investors. That this war effort has been successful is now beyond dispute. At some future date the labor and sacrifices made by individual bankers throughout the nation to assure the success of this program probably will receive the general recognition which it deserves.

The second step which the bankers took to accommodate this increase in investments without undue risk was to substantially shorten the average maturity of these investments.

The U. S. Treasury Bulletin publishes monthly all the various issues of government bonds held by over 6,200 commercial banks. This survey accounts for approximately 95% of the amount of such securities owned by all banks which are members of the FDIC. In December, 1941, this published report showed that reporting banks held $20 billions par amount of government bonds with an average maturity of 98 months. The figures of December, 1943, show an increase in the par value to $55 billions. It is important to note that the average maturity had been reduced to 66 months between these two dates. If the higher coupon partially exempt bonds held on the date of the latest report are figured to their respective call dates and the taxable bonds to their actual maturity, this average would be reduced to 56 months or less than five years. These figures would seem to offer excellent testimony as to how the average banker is meeting this problem.

All students of economics are naturally concerned about the huge increase in commercial bank deposits as well as government debt, but they also recognize that we have a job to do and that this job can be done on a sound basis. Some analysts accustomed to appraising the strength of our banks by rule-of-thumb ratios tend to view this expansion of deposits and investments with some degree of alarm. These critics often give little or no weight to the dramatic change in the character of the banks' assets in recent years. It is important to remember in this connection that in 1930 the commercial banks held loans, discounts and corporate and municipal bonds, all of which were primarily risk assets, in the amount of $44 billions. At the same time cash and U. S. Government obligations totalled only $14 billions or 23% of total resources. As of Dec. 31, 1943, in a banking structure with resources 80% larger, the same risk assets aggregated only $25 billions and cash and government bonds amounted to $86 billions. The cash and government bonds at the latter date were equal to 77% of total commercial bank resources. Many of these same commentators are prone to ignore the fact that the character of the assets in our banking structure is of far more importance than the ratio of deposits to capital.

It is axiomatic that investment risks are of two kinds — those of a credit nature and those connected with a possible change in interest rates. Obviously there is no question as to the credit of the Government but there may be some risk of temporary depreciation even in government bonds if interest rates should change suddenly and dramatically. The measurement of the ability to withstand this potential risk is entirely a matter of mathematics and every banker can make his own calculations. There is no reason why a conservative banker should be unduly apprehensive if his bond account has been set up in accordance with sound and accepted principles, which provide for a margin of safety against temporary fluctuations due to a possible change in existing yields.

The question of the probable trend of interest rates after the war cannot be answered with any degree of certainty. Interest controls now in effect have functioned relatively well in recent years, but we are dealing with economic forces of such vast magnitude that no economist can offer convincing proof of a future pattern. While many current bank statements give the appearance of an investment trust, we are in general investing demand deposits, and we are not essentially long term investors nor can we consider that all of our investments are permanent. Therefore, for the purpose of bank investment, the conservative procedure is to assume that interest rates may move upward some time in the future, even though we may not have come to a conclusion that a change is imminent or even likely.

Post-War Planning

Before we can decide how many bonds and what kind of bonds a bank should own, the conservative procedure is to make a complete examination of our post-war prospects. Some banks assuredly face a post-war adjustment different only in degree from that which confronts the average American industrial corporation. While it seems reasonable to believe that the expansion of deposits prior to the outbreak of the war were well distributed and absorbed, it is also logical to expect a shift of some of the deposits received subsequent to that date. These excess or temporary deposits may consist of War Loan accounts, accrued corporate and individual taxes, deposits normally in inventory or deposits awaiting the resumption of manufacture of automobiles, refrigerators, electrical appliances, farm equipment, etc. These excess deposits appear in many cities and towns, but are more apparent in so-called war centers where there has been an influx of workers and a large increase in production.

Where this situation exists the conservative course is to estimate the minimum level of total deposits after the cessation of all hostilities. This can be an arbitrary total based on a date such as Dec. 31, 1941, or it can be arrived at by a careful study of each account. After a total has been agreed upon this can be incorporated in a hypothetical balance sheet in order to determine the amount of funds available for more permanent investment. If a bank's current deposits are $8,000,000 and the normal level is estimated at $5,500,000 the latest balance sheet adjusted to reflect this estimate might appear somewhat as follows:

(000 omitted)

U. S. Government bonds (assumed)	$3,000
Other investments 6-30-44	400
Loans and discounts 6-30-44	1,500
Bldg., R. E., Furn. & Fix. 6-30-44	100
Total invested assets	$5,000
Cash (assumesd 20% of deposits)	1,100
Total	$6,100
Capital	$300
Surplus	200
Undivided profits	100
Deposits (assumed)	5,500
Total	$6,100

Obivously the officials of the bank are the only ones in a position to estimate the normal level of deposits. Generally speaking, we could make an allowance in our calculations for 20% in cash at the low point of deposits, although part of this amount might be invested in bills or certificates in some cases. The purpose of this hypothetical balance sheet is to determine the maximum total invested assets that can conservatively be carried on a permanent basis. These calculations in usual cases need be made only once and in the case cited above, the maximum figure would be $5,000,000. For purposes of discussion I am inclined to call these "longer term invested assets," although it is recognized that many of these assets are neither fixed nor long-term. However, this total would remain fixed as long as the estimate of normal deposits remains unchanged, although some adjustments within the total would be required as total loans and discounts change. For instance, if loans should increase, the longer term governments would be correspondingly reduced to maintain this total of longer term invested assets at $5,000,000. The 20% cash requirement includes some additional margin over reserve requirements to cover the contingency of increasing loans after deposits have declined to the estimated normal and at a time when it might be inadvisable to sell longer bonds.

Once this formula has been adopted, the day to day operation would only involve consideration of all excess deposits. If current deposits are $8,000,000 or $2,500,000 above the estimated post-war level, all excess deposits under this plan would be invested in short securities. Thus it is simply necessary to determine how much to carry in bills, certificates and cash, since all of the excess deposits over $5,000,000 would be held in one of these media. Cash requirements are determined, of course, by reserve requirements, till money and deposits with other banks. Both the bills and certificates might be staggered as to maturity.

What this all boils down to is this: After the formula has been developed, the only real problem is to determine the amount of cash required for reserves and sundry purposes. All remaining funds are invested in bills and certificates as long as total "longer term invested assets" aggregate $5,000,000. Thus it is not necessary to calculate both primary and secondary reserves, since the established policy automatically provides secondary reserves in either bills or certificates. A collateral advantage of this type of planning permits full investment of all available funds without undue risk and with ample liquidity.

If deposits at the present time aggregate $8,000,000 the current statement would appear somewhat as follows:

(000 omitted)

U. S. Government bonds	$3,000
Other investments	400
Loans and discounts	1,500
Bldg., R. E., Furn. & Fix., etc.	100
Total "longer term invest. assets"	$5,000
Bills and certificates	2,400
*Cash (15% for primary reserve)	1,200
Total	$8,600
Capital	$300
Surplus	200
Undivided profits	100
Deposits	8,000
Total	$8,600

*Would vary depending on size of time deposits and reserve classification of the bank.

Should deposits subsequently drop to the $5,500,000 estimated normal, bills and certificates would be liquidated, leaving $1,100,000 cash and bills, or 20% of the then total deposits. This post-war plan will offer a pattern as to the amount of bills, certificates and bonds which can be conservatively carried in the investment account.

The Permanent Bond Account

The next test which can be applied is to determine the kind of bonds to be included in this longer term phase of this pattern. In adopting a policy for this part of the bond account each bank must be considered as an individual problem, and as individual problems they require individual treatment. It is not possible to say that all banks can safely purchase some longer term bonds, although many banks are undoubtedly in a position to do so. Each banker can determine this for himself by an analysis of his own figures. The first step in a conservative plan is to relate the net sound surplus and undivided profits to the amount of bonds indicated by the post-war plan. The problem has then been resolved into two known factors from which we can figure a margin of safety. In the hypothetical illustration which appears above, the amount of bonds in the permanent bond account — $3,000,000 would be related to surplus funds of $300,000, or a margin of 10%. If this $3,000,000 of bonds had an average maturity of six years, average interest rates could move upward by more than 1¾% before the value would depreciate to the extent of the available margin of 10%. By making similar calculations and by allowing for a reasonable change in interest rates an average maturity can be established to provide the desired protection. The average maturity finally selected might be three years, or it might be ten years, but in each case it should fit the individual circumstances and would not be based on any individual's guess as to the future movement of bond prices. This approach to the problem of maturity is not based on any conviction that interest rates will change, but rather on an assumption that we do not know.

With respect to that portion of the investment account which has been developed by the Post-War Plan and which is considered more permanent in nature, a separate policy can be adopted. Many students of the bond problem now seem to agree that the so-called staggered or rotating maturity plan will produce the best results If we concede that the total average maturity of the so-called permanent account should be controlled on the basis of the relationship of investments to available surplus funds, then the operation of the account by means of a staggered maturity seems quite logical. A staggered maturity, running from two to ten years with an average maturity of six years will initially produce approximately the same income of a straight six-year maturity. This is also approximately true of any average we might select. Further advantages of the staggered maturity plan are the increasing income provided as bonds are rotated and the inclusion of short maturities available for liquidation if the decline in deposits or an increase in loans exceeds previous estimates.

If the analysis of an individual bank indicated that an average maturity of six years would provide the desirable margin of safety, the amount available for the permanent account could then be invested in somewhat equal amounts, using maturities ranging from two years to ten years. The initial yields for taxable bonds in this area would range from 1% for the shortest maturity to 2% for the longest bond, producing an average yield of approximately 1.60%. As each of the early maturities is sold or paid off, the proceeds could be invested in another ten-year bond. If we assume for the purpose of this discussion that current interest rates remain unchanged, then each year for ten years an issue producing a yield less than 2% would be replaced by a 2% bond. This means that income from the entire fund would gradually increase each year up to the point where the entire fund was yielding 2%. This would represent an increase of 25% in income, but it would be accomplished without any increase in the average maturity or risk. If by any chance interest yields should increase some time in the future, it is probably reasonable to assume that this change would be gradual and would be effected over a period of time. In this connection it is interesting to note that it is theoretically possible to operate a staggered bond account through a cycle of gradually ascending yields without experiencing even temporary depreciation. For instance, the ten-year bond is now roughly selling on a 2% basis. The yield on a five-year bond is approximately 1½%. Five years hence the 2% ten-year bond will then be due in five years. Thus in a gradually ascending yield curve the five-year rate could change, over a five-year period, from 1½% to 2% without causing any depreciation to the original owner of the ten-year bond.

It is a fact that a policy of staggered maturities maintained year after year provides for reinvestment in the longest maturity and, therefore, at the highest, rather than at the average, yield available for a particular portfolio.

The market for Government bonds has been resolved into a very definite pattern with yields rising progressively from ⅜ of 1% on bills, ⅞ of 1% on one-year Certificates of Indebtedness and approximately 2% on the ten-year bonds. This progressive increase in rate from the short term to the medium term bonds has been well standardized with the result that switching operations for the purpose of profits offer little real recompense.

The important problems for any bank to determine in connection with their Government bond investments are first, the area in which the investment is to be made and second, whether to purchase fully taxable bonds or partially tax exempt bonds. If the area has been determined by an analysis of the risks that can be assumed, maturities can be easily selected from the broad list of Government bonds that are now available. The question of fully taxable bonds vs. partially tax exempt can only be determined by an analysis of the bank's earnings and tax liability and a comparison of existing yields after taxes.

It may not be practical to install a staggered maturity program immediately, but the control of maturities in relation to our capital funds may be very important. We cannot afford to vacillate in policy; we cannot afford to jeopardize the stability of our principal asset by shifting from short term to long term bonds. No—there is still a serious job to be done. This job is a part of the war effort and it must be done on a sound basis. The over-all figures of our banking structure clearly indicate that the job is being done properly. Let each banker continue this effort so that we can help to provide the stability that is essential as the country moves into a period of post-war adjustments.

Britain Confident Of Financial And Industrial Leadership: Catto

Governor Of The Bank Of England Tells London Bankers And Merchants It Will Be His Duty And His Endeavor To Help That Leadership

Lord Catto, recently elected Governor of the Bank of England, in a brief address at the Lord Mayor's Luncheon in London, Oct. 5, reviewed the financial situation that will face Great Britain after the war; and although expressing the belief that "recovery will not be easy," stated that he was "full of quiet confidence."

"It is perhaps permissible, without undue optimism," began Lord Catto, "to look forward a little, and I should therefore like to say a word or two about the situation that will face us at the end of hostilities. I am frequently asked whether this country can regain its old financial and industrial leadership. Well, I am full of quiet confidence!

Lord Catto

"It is true that our national debt is likely to be about three times as much as it was at the end of the last war. It is true also that part consists of obligations to overseas countries of an important amount. All that is a heavy burden. But the productive capacity of the country and therefore the national income have also very substantially increased since the end of the last war.

"Recovery will not be easy; it will require much effort, much restraint and, to use historic words of our great Prime Minister, much 'toil and sweat' to make full use of our productive capacity. However great the effort, it will have its compensations for if guided aright it will assist the full employment policy to which the Government is committed and with which we are all in such ardent sympathy. But recovery will need something more; it will need a resurgence of that individual initiative, that resourcefulness, and that spirit of adventure which in war and in peace have ever of old contributed to our country's prosperity and to its greatness.

"In that respect the City of London must be given lead and play a major part. I do not need to tell you that her position in world commerce and in finance is unique—and I would ask you to note I say 'is' and not 'was.' And that comes not from wealth; not from stocks of gold or foreign investments—for we have less of these than we had! But rather from something more lasting: something that even war cannot destroy or take from us, and that is, the City of London's generations of accumulated experience, the integrity of her institutions, and her reputation for fair dealing. That is a precious heritage! It is still intact, in spite of war and in spite of destroyed and damaged buildings. And it is this heritage that will inspire leadership of the city of London in providing financial sinews so that the vast manufacturing output of our country and the unsurpassed technical skill of our people may be given full scope.

"It will be my duty, and my endeavor, to help tht leadership, and I know I will receive in full measure that help, that guidance, and that support from the financial and commercial community of the city of London which as a new and untried governor I will sorely need and which, if I may say so, I have a right to expect. For I have taken on my new work in no spirit of ambition but with humble duty to serve the country at this difficult and anxious time.

"But, I am asked, even if we are able to carry internally our national debt, how about our external obligations? Well, next to our distinguished Chancellor of the Exchequer, to whose great speech we have just listened with so much interest and instruction, I suppose I know as much about these debts as anyone. They are large and they have special difficulties of their own in regard to their liquidation. But let me say at once, these debts do not fill me with dismay; although I would not like to contemplate what they might have been but for that financial miracle 'Lend-Lease' and the most generous war contributions of Canada. Many countries may well end the war with national debts proportionately as large as we have, but no other nation has an external financial problem of anything like the magnitude of ours. It arises through our heavy overseas expenditure in the long weary war years and our inability in that period to counterbalance that expenditure by exports in any considerable volume; for we have devoted our whole resources, without counting the cost, to the single task of winning the war. In a word, what we have done is to use in advance a substantial part of our post-war capacity. Our problem therefore will be to export in sufficient volume to enable us to pay for our current essential imports—of raw materials and food—to maintain the standards of living of our people and to have some surplus towards the gradual and orderly liquidation of our external obligations. It is indeed a serious problem. But there is this consoling thought that it is not our problem only; it concerns just as much the creditor countries; in fact, it is a world problem. For, plainly, the extent to which we can import world products is dependent upon that gradual and orderly liquidation of which I have spoken. Obviously, if in the early years too large a proportion of the value of our exports and services goes in liquidation of these debts then there will be that much less with which we can buy the current exports of creditor countries and the rest of the world. And that is serious for all, for we are a very important market! In fact, we are and are likely to continue to be the greatest importing country in the world! And, therefore, the world's best customer!

"These are plan economic facts. They should be widely understood; for on a full appreciation of them will depend the solution of the problem of these external obligations in the interests not alone of this country but of the creditor nations themselves and the whole world.

"The Chancellor of the Exchequer has spoken of the feature aim of government plans and policy; in particular that government expects, and has a right to expect, full cooperation in these plans and policies from the financial and industrial leaders of the country. He has told us there must be closer working between the appropriate government departments and business people so that individual effort and initiative may be best aligned in the national interest. I am sure I can speak for you all in promising that closer working. I think the financial history of the war, so far as the city of London is concerned, is evidence that I can give that assurance without hesitation. As the Chancellor well knows, the city has accepted without reservation all and every rule and regulation imposed by government and has loyally observed not only the formal but every informal indication of government policy. But in giving that assurance I venture to hope that closer working with government departments will not involve too great delay or curb that individual initiative, that resourcefulness and that spirit of adventure of which I have spoken, and I am sure the Chancellor will agree with me.

"I have nearly finished and I conclude on the same note of quiet confidence with which I began. But I cannot end without some reference to the glorious but anxious days through which we are passing. I have spoken much of debts. But these sink into insignificance when we think of that other form of debt—the debt of gratitude—that we owe to those who are fighting for the world's liberty; to those who have been wounded; and, above all, to those who have made the great sacrifice and to their stricken families at home—in particular. to those in this ancient house of great hospitality."

Post-War Possibilities Of Colombia And Venezuela

A survey of wartime business and financial conditions in Colombia and Venezuela has been published by the Chase National Bank, Pine Street, corner of Nassau, New York, N. Y. This study includes an analysis of these countries' trade relations with the United States, and indicates the post-war market possibilities that should result from their pent-up demands and accumulated buying power.

Copies of this interesting survey may be had from the Chase National Bank upon request.

Harry Spring Partner In Greene & Company

Harry B. Spring has joined the over-the-counter house of Greene & Co., 37 Wall Street, New York City, as a general partner. He will head the Research Department, developing and analyzing special situations in the industrial, utility and railroad fields.

Harry B. Spring

Mr. Spring was for a number of years in charge of the Arbitrage Department of Wertheim & Co. He has spent 18 years in specialized Wall Street research, and has been responsible for focusing interest on many attractive situations.

Ins. Sound Investment

Insurance stocks offer a sound stable type of security, acceptable year in and year out, regardless of depressions, panics or lush times and bull markets, according to a memorandum issued by White & Company, Mississippi Valley Trust Building, St. Louis, Mo. Copies of this interesting memorandum and a comparative tabulation of 45 insurance stocks, may be had from White & Company, upon request.

Also available is a study of Pickering Lumber Corporation, which White & Company feels offers an attractive situation.

Judson & Co. To Admit

Judson & Co., 60 Beaver Street, New York City, will admit Carolyn W. Judson to limited partnership as of Nov. 1.

This announcement is not an offer of securities for sale or a solicitation of an offer to buy securities.

New Issue October 17, 1944

$7,000,000

Twin City Rapid Transit Co.

4% Collateral Trust Bonds, Due 1964

Due October 1, 1964

Price 101½%

plus accrued interest from October 1, 1944 to the date of delivery

Copies of the prospectus may be obtained from the undersigned (one of the underwriters named therein) only by persons to whom the undersigned may legally offer these securities under applicable securities laws.

Dillon, Read & Co.

Bretton Woods Plans Analyzed

Recent Bulletin Points Out Both Merits And Defects Of The International Monetary Fund And International Bank And Concludes That The Effective Functioning Of Both Institutions Will Depend On Their Management

A Bulletin issued on October 13 by the Institute of International Finance of New York University, of which Dean John T. Madden is director, describes and analyzes the Bretton Woods Agreements to set up an International Monetary Fund and an International Bank for Reconstruction and Development.

Dean J. T. Madden

"The problems that confronted the delegates at the Bretton Woods Conference," the bulletin states, "were numerous, and were complicated by the divergent interests of the various countries and by the intent of some countries to obtain the greatest possible aid from the institutions to be established, while limiting their own contributions to a minimum. Furthermore, the delegates differed widely in their concept of currency and the role of gold and silver. It is remarkable indeed that, in view of the conflicting interests and ideas, an agreement has been reached.

"The delegates gathered at Bretton Woods," continues the bulletin, "have plotted a course to a world economy that would be more stable than that which has prevailed since the First World War. It is now up to the various national legislatures to accept, modify, or reject the proposed plan, bearing in mind the consequences of exchange control, competitive currency depreciation, bilateral clearing and compensation agreements, import quotas and other international trade impediments employed in the 1930's by the various nations in the futile attempt to achieve and maintain individually a prosperous and balanced national economy."

In discussing currency stabilization the bulletin states that the process of currency stabilization involves two distinct problems; namely, balancing the international accounts and maintaining sound fiscal conditions.

"This does not imply that the international accounts must be balanced each year or that a budgetary deficit in any fiscal year immediately threatens the stability of the currency. International accounts can be balanced by contracting abroad short-term and long-term loans and by the utilization of gold and internationally acceptable assets. The main question is whether the international position of the country is sound. Budgetary deficits are likely to undermine the stability of the currency only (1) when the deficits are so large that they destroy the confidence in the currency leading to a flight of capital, or (2) the large and continuous deficits are met primarily by borrowing from the central bank or the commercial banks and thus increase the volume of currency in circulation and of bank deposits, which in turn usually cause a rise in commodity prices. If this price increase is substantial, it soon has an adverse effect on the foreign trade of the country and thereby on its balance of payments.

"A country with a strong balance-of-payments position or whose foreign trade constitutes only a small fraction of its national volume of business could have a prolonged budgetary deficit without endangering the stability of its currency. Thus France for a number of years prior to 1914 had a continued budgetary deficit, yet the French franc was considered among the strong currencies of the world. Similarly the budgetary deficits of the United States have been exceedingly large since 1933, yet the dollar has remained stable and up to 1941 the United States attracted large amounts of gold. The Bretton Woods Conference did not concern itself with the fiscal position of individual countries. Its main object was to meet the balance-of-payments problem that will confront a number of countries and to set up the machinery that in its opinion would be in a position to cope with the problem effectively."

The bulletin continued with an explanatory summary of the Articles of Agreement and the following discussion of the positive and negative features of the Agreement:

The International Monetary Fund

Positive: 1. The Fund sets up machinery to promote international monetary cooperation, facilitate the expansion of international trade, promote exchange stability and avoid competitive currency depreciation, remove gradually foreign exchange restrictions, and prevent the use of foreign-exchange control as an instrument for achieving economic and political objectives.

2. It supplies to member countries foreign exchange in limited amounts to correct maladjustments in the current accounts of their balance of payments and thereby relieves such countries of the necessity to institute measures destructive of national or international prosperity.

3. While the success of an international monetary agreement depends basically on the foreign trade policies of the member countries and on a stable international political and economic order, and while, therefore, the monetary conference should have been preceded by an agreement providing for a free flow of goods between the countries, the Agreement constitutes a very important step on the road to international cooperation and the establishment of the Fund would facilitate the undertaking of other steps in economic reconstruction of the world.

4. The commitment of each member is limited. Thus, the quota of the United States is $2,750,000,000, of which $687,500,000 would be in gold and $2,062,500,000 in dollar balances. The Fund is authorized to sell limited amounts of dollars to members in exchange for gold or their own currencies. Should the demand for dollars exhaust the balance, the Fund can buy dollars for gold or endeavor to borrow dollars. A sale of dollars for gold does not increase our commitment, and the Treasury is under no obligation to grant loans to the Fund or permit it to borrow dollars from other sources. The commitment is, therefore, definitely limited to $2,750,000,000. Should a persistent demand for the dollar cause the Fund to declare formally the dollar a scarce currency, the United States would have the alternative of lending dollars to the Fund or being confronted with exchange control in dollar transactions instituted by some countries. The situation would be not much different from that in the 1930's, except that, if we should decide to grant a loan, our claim would be against the resources of the Fund instead of individual borrowers.

5. The assumption that the resources of the Fund will soon after commencement of operations consist of "sick" currencies is not correct. Many members have substantial gold and dollar balances at their disposal. This applies not merely to Latin American and British Empire countries but also to some western European nations. With one or two exceptions the impoverished and destitute countries have small quotas, hence small borrowing power.

6. The system of charges, payable in gold and varying both with the amount and the duration of the accommodation to be imposed on members buying with their own currencies foreign exchange from the Fund, and the loss of votes by the buying (borrowing) countries to the members whose currencies are purchased, are likely to discourage members from abusing the Fund's facilities. It may be assumed that members will resort to the Fund for relatively small amounts and for short periods and only after all other means to rectify the deficit in the balance of payments have been employed.

7. Members have the right to withdraw at any time without penalty.

8. The influence of the United States in the management of the Fund will be very great and the Fund will actually be dominated by five countries contributing the largest quotas.

9. It provides a meeting place for the exchange of views among financial leaders of the member countries.

Negative: 1. The provisions concerning changes of the par values of members' currencies are too liberal. The Fund is directed not to refuse a requested change, i.e., depreciation, necessary to correct a fundamental disequilibrium; in particular, "it shall not object to a proposed change because of the domestic social or political policies of the member proposing the change." Thus a country may depreciate its currency for practically any reason.

2. The stipulated limitations and conditions of member borrowings of foreign exchange from the Fund may be waived by the Fund at its discretion. Such a waiver may be made especially in the case of countries that have a record of avoiding large or continuous use of the Fund's resources, or have periodic or exceptional needs of foreign exchange, or are willing to pledge acceptable collateral.

3. There is no provision requiring a member country to put its financial house in order before it is permitted to utilize the resources of the Fund. The quota is in effect an automatic line of credit, which may not always work to the best interests even of the borrower.

4. The currencies paid in by the members will differ greatly in quality and some will not be acceptable in international transactions. As a result the quotas contributed in good currencies would constitute a larger share of the usable resources of the Fund than that indicated by the ratios of the quotas to the total initial capital.

5. The agreement does not stipulate that the executive directors shall be men of practical banking and business experience. The successful operation of the Fund will depend to a considerable extent on the quality of the management.

6. The organization is needlessly complicated and cumbersome; the technical provisions are too complex. This may impair the efficiency of the Fund's operations.

The International Bank for Reconstruction and Development

Positive: 1. The Bank will grant or guarantee long-term foreign-currency loans to member countries unable to borrow on their own credit standing or obtain such loans on reasonable terms for specific approved productive projects, including restoration of economies destroyed or disrupted by war.

2. The operations of the Bank may lead to a revival of the international capital market and thereby increase international trade in capital goods.

3. The commitment of every member is limited. The maximum loss the United States may suffer is $3,175,000,000.

4. Since for some time after the war only a few countries, and notably the United States, will be able to make long-term foreign loans, the risk inherent in such loans will be spread among the members according to their capital subscriptions instead of the creditor country assuming the whole risk.

Negative: 1. The credit risks assumed by the Bank will be great, since the weakest countries will be its principal debtors. As the same countries will also avail themselves to the limit of the facilities of the International Monetary Fund, they most probably will find it difficult to meet service in foreign exchange on the loans obtained from or guaranteed by the Bank.

2. The guaranty is not entirely satisfactory since it will be given by the Bank and not by the member countries. Each security guaranteed or issued by the Bank must bear on its face a statement to the effect that it is not an obligation of any government unless expressly stated on the security. Thus in case of default the investor will have a claim only against the Bank which will be able to meet its obligation if all member countries make payments on their unpaid subscriptions as called by the Bank.

3. In the immediate post-war years the bulk of the loans will have to be placed in the United States. The International Monetary Fund visualizes the possibility that the dollar may become scarce. The Bank may, therefore, have difficulties to meet its dollar commitments.

4. The organization of the Bank is unnecessarily complicated.

In conclusion the bulletin states:

The two institutions proposed by the Conference form an integral unit and supplement each other in their respective aims. In order to succeed, the Bretton Woods Agreement will have to be implemented by others dealing with tariffs, export bounties, intergovernmental debts, blocked accounts, and protection of foreign investments.

2. The success of both institutions will depend on the international trade policies adhered to by the nations. If these policies should be liberal and lead to an increased exchange of goods and services among the countries of the world, the Fund and the Bank will have a chance of achieving their aims. If, on the other hand, the nations, and particularly the leading countries were to adopt trade-restrictive policies and institute measures seemingly beneficial to themselves but detrimental to others, as was the case in the 1930's neither institution will be able to function successfully.

3. Both institutions must be considered only as a means to an end. They cannot operate with any chance of succeeding unless political and economic stability prevails throughout the world.

4. The successful operation of the two organizations will depend on the fiscal and credit measures adopted by individual countries. A fiscal and credit policy resulting in continuous budgetary deficits and inflationary price movements is bound to cause financial chaos.

5. The effective functioning of both institutions will depend to a large extent on the type of management. If the boards of executive directors are made up of men experienced in international trade and finance and conduct their operations on sound business principles, the chances of success will be much better than if they consist of politicians or theoreticians.

Chicago Exchange Plan On Offerings Effective

The Securities and Exchange Commission announced on Sept. 21 that it had declared effective an amended plan of the Chicago Stock Exchange relating to special offerings. In making this known the Commission said:

"The special offering plan has been amended (1) to suspend a special offering as long as an offer exists "regular way" at a price which would permit a purchase at a lower net cost than in the special offering, and (2) to provide that a member or member firm with an order for the purchase of a security which is the subject of a special offering shall effect such purchase in the regular market whenever a "regular way" offering is available which would permit such purchase at a lower net cost than in the special offering, and further providing that every order for purchase in a special offering shall be accepted pursuant to this condition.

"The first amendment changes the provision whereby a special offering was suspended upon the existence of any lower "regular way" offering even though the net cost to the customer was greater. The second amendment changes the provision which required that an attempt be made to execute specific types of orders in the regular way market at a price more advantageous to the customer than the special offering price."

The text of the Commission's action follows:

"The Securities and Exchange Commission having previously declared effective a plan for special offerings filed pursuant to Rule X-10B-2 (d) by the Chicago Stock Exchange; and the Chicago Stock Exchange, on September 14, 1944, having filed amendments to its plan for such special offerings;

"The Securities and Exchange Commission having given due consideration to the special offering plan of the Chicago Stock Exchange, as amended, and having due regard for the public interest and for the protection of investors, pursuant to the Securities Exchange Act of 1934, particularly Sections 10 (b) and 23 (a) thereof, and Rule X-10B-2 thereunder, hereby declares the amended special offering plan of the Chicago Stock Exchange as filed on September 14, 1944, to be effective, on condition that if at any time it appears to the Commission necessary or appropriate in the public interest or for the protection of investors to do so, the Commission may suspend or terminate the effectiveness of said plan by sending at least ten days' written notice to the Exchange."

Mojud Hosiery Stock Offered By A. G. Becker

An investment banking group headed by A. G. Becker & Co., Inc., offered Oct. 18 12,943 shares of ($50 par) 5% cumulative preferred stock and 81,182 shares ($2.50 par) common stock of Mojud Hosiery Co., Inc. (formerly Mock, Judson & Voehringer Co., Inc.). The preferred was priced at $50 a share and the common at $14.50 a share. The shares being offered are owned by stockholders, so the company will receive none of the proceeds from the sale.

Associated with A. G. Becker & Co., Inc., in the offering are: Glore, Forgan & Co., Hallgarten & Co., Hornblower & Weeks, Ladenburg Thalmann Corp., Oscar Burnett & Co., and Kuhn, Loeb & Co.

The Securities Salesman's Corner

By JOHN DUTTON

Handling An Objection

What is an objection? It is both an EXCUSE for not doing business and an expression of the natural protective instinct of every individual that guards us against taking the suggestion of others whenever we are not SURE OF OUR OWN GROUND. This protective instinct although a negative one, serves a positive good throughout every individual's walk through life. It is a sure sign that the person who raises an objection is a thinking, careful individual. Outside of purely frivolous objections, which can be immediately recognized by any competent salesman, those objections which are based upon valid grounds are an immediate signal that "he who is from Missouri" is INTERESTED but not yet CONVINCED.

When it comes to selling securities, experience has shown that no investor exchanges his cash for a security unless he first has CONFIDENCE IN THE FIRM AND THE SALESMAN who presents it to him. This does not mean that after a salesman has obtained this foundation of confidence that objections to particular offerings will not arise. But until that basis of trust, and respect of the client in the ability and integrity of his security dealer has been established, most objections can be placed in one category. It usually is an indication that Mr. Investor is not yet sold on you, rather than your offering, whenever he voices an objection to a particular security or a certain point which you have made in your selling presentation.

This is brought out by the fact that customers' objections are more prevalent during interviews on new accounts. A recent experience related to us by a salesman who was conducting a systematic campaign for new accounts is illustrative of the efficacy of this method of selling WHICH BUILDS CONFIDENCE FIRST and then SELLS.

The first interview with this investor who later developed into a client, was made after he had replied to a double return card offering information regarding one of his holdings. A report was mailed, then another letter was sent to the prospect which further clarified the report. The salesman called after these mailings and had a very favorable interview. No attempt was made to sell another security or trade the investor out of his present holding. A common meeting of the minds of this salesman and the prospect was established in this first interview and the door was open to future calls.

So far so good. The salesman had an idea of the type of securities held, the ideas and opinions on investments shared in common with this investor; he had made a good first impression and was ready to call again. About two weeks after this first interview the salesman telephoned the prospect and asked for an appointment to discuss a special situation in which he believed the prospect would be interested. He was cordially received and proceeded to outline his reasons for suggesting the purchase of the security he was offering. All was in agreement until the prospect stated that he believed that THIS WAS NOT THE RIGHT TIME TO BUY. He brought up the fact that one of his best friends who was a very astute investor had just told him that he expected a break in the market. That with the possible ending of the war in Europe and unfavorable political developments arising in this country it seemed to him to be the wrong time to make any new commitments.

Now this is not a new objection — every securities salesman has heard it before. Sometimes this matter of proper timing is a valid objection to the purchase of securities — at other times it is only an excuse not to take action. The salesman in this case sized the situation up as follows: The objection was partially sound but on the other hand he believed that since he had only known the customer a little less than two weeks, that he still had a job to do before HIS PROSPECT WOULD FOLLOW HIS JUDGMENT BEFORE THAT OF ANOTHER.

So this salesman went into the objection. He knew his ground. he discussed the importance of proper timing in the purchase and sale of securities — he did not evade the objection or pass over it. He used THIS OPPORTUNITY TO SHOW HIS CLIENT THAT HIS FIRM WAS AS CAREFUL IN SELECTING THE PROPER TIME TO OFFER SECURITIES as they were in selecting the right securities to present to their customers. He stood by his guns and he put it this way: "The reason I am suggesting that you purchase this stock now, Mr. X, is that although no one can determine with absolute accuracy the action of the entire market in the future, it is true in this case that if this stock should decline in a general market movement downward, that I would be right back to see you and SUGGEST THAT YOU BUY MORE. This is one security that should it decline in price it would be a better purchase than it is today. But we do not look for a general market decline and for this reason I am making this suggestion. Instead of your purchasing 200 shares today, let's give your friend the benefit of the doubt. Let's play it safe, let's assume that he may be right and there may be a 5 to 10% drop in the level of security prices within the next few months (which opinion I assert again does not agree with our calculations and some the best market analysts and specialists in the securities field) SO LET'S ONLY TAKE A HUNDRED SHARES. This is what we in the securities business call HEDGING. It is the procedure followed by every astute investor that has made a success of managing his portfolio. **You have one thing upon which you can rely and that is the fact that our interest in your account does not stop with this particular purchase. In fact, if just selling you this security and doing business with you ONCE were all that mattered to my firm and to me, I frankly would not find this business worthy of my time and effort.**

"Either we do know our business and you can follow our judgment in this case, or you, nor anyone else need not become a client and customer of our firm, isn't that so? In other words, here you have an opportunity to make an investment, and either way you will be in a position to take advantage of whatever the future action of the market itself should indicate. If there is a price decline, this security will be even a better purchase at 45 than at 50, so you can then buy another hundred at 45. However, should the price advance (which in our opinion is our reason for advising that you make this investment today) then you will own a hundred shares at 50 and will not have missed an opportunity to acquire an undervalued security at the right price, and AT THE RIGHT TIME."

When this sensible approach to the problem was convincingly presented to the prospect, the sale was completed. Ordinarily it is sound business to stress the fact that no security should be purchased upon the basis of a possible price rise alone. The salesman in this case had to stress price. However, he also took the position of making plain to the purchaser that the price angle alone, was not the only basis for the recommendation. From this point onward the next step with this client lies in the performance of the security he purchased. If it advances the salesman is on sound ground — if it declines likewise.

P. S.—Incidentally, Walter Whyte's column published weekly in the "Chronicle" can be used at times to bolster the market opinion of salesmen regarding timing — that is what this salesman also did. He mailed his new customer a clipping from the October 5th issue of the "Chronicle," which in this instance agreed with the viewpoint he expressed to this customer.

Municipal News & Notes

Although the City of Detroit is prepared for some unemployment and an increase in the welfare load during the reconversion period, it by no means subscribes to some of the estimates of the problem that have been publicized, F. M. McLaury, Deputy City Controller, asserted during the course of an address made last week at a luncheon of the Municipal Forum of New York.

At the present time, Mr. McLaury said, the city is probably in the soundest financial position of its history, a circumstance, he added, not entirely the product of the city's conversion from a peacetime industrial metropolis to a focal point of war production.

Detroit, as a matter of fact, had reestablished its credit standing before the war, a fact amply attested by the record of successful debt refundings negotiated via competitive bond sales prior to our entry into the conflict.

The success of these operations resulted from the energetic efforts and accomplishments of municipal officials in correcting the unsatisfactory fiscal conditions which contributed to the financial and debt difficulties experienced in the early thirties.

With respect to post-war financing, City Controller McLaury observed that the principal problem will be the provision of funds for long-deferred maintenance and necessary capital improvements. As the Common Council and the Mayor are committed to a policy of eschewing the issuance of more faith and credit bonds, the emphasis is directed to uncovering new revenue sources with which to finance a satisfactory capital program. Some measures to that end are now far advanced, the City Controller noted, adding that—

"Detroit feels that giving due weight to these factors and to the fact that the annual debt service charges and the total debt are conservative percentages of the total annual tax levy and the total assessed valuation, Detroit bonds should maintain their present high standing."

Baltimore Issue Offered By Halsey, Stuart Group

A group headed by Halsey, Stuart & Co., Inc., and the First National Bank of Chicago yesterday made public offering of a new issue of $9,450,000 Baltimore, Md., bonds at prices to yield from 0.60% to 1.45%, according to maturity. The syndicate was awarded the bonds in competitive bidding on Tuesday, paying a price of 100.029 for various coupon rates.

The issue is divided as follows $6,550,000 1¼% fifth water bonds, due Aug. 15, 1960-1969; $2,050,000 2½% schools, due Aug. 15, 1947-1949, and $850,000 1¼% harbor bonds, maturing on July 1 from 1947 to 1976, inclusive. The bonds are unlimited tax obligations of the City of Baltimore.

Harriman Ripley-Lehman Group Offer $33 Million Of Los Angeles Revenue Bonds

One of the largest pieces of municipal financing in many months came to market yesterday when a nationwide group of investment banking and dealer firms managed by Harriman Ripley & Co., Inc., and Lehman Bros., made public offering of the new issue of $33,000,000 Los Angeles, Calif., Department of Water and Power electric plant revenue refunding bonds. Aside from its size, the issue was additionally significant in that the purpose of the loan is to refund an equal amount of outstanding electric plant revenue bonds which are not redeemable until Dec. 1 and Dec. 15, 1945.

Municipal authorities evidently reasoned that it would be their advantage to provide for the redemption at this time rather than to defer the matter until a date closer to the redemption period.

The new issue of $33,000,000 consists of $21,000,000 second issue of 1944 bonds, maturing Oct. 1, 1948, through 1975, bearing interest at 1½%, 1¾%, 2%, 3½% and 4%, priced to yield from 0.90% to about 2.02%, and $12,000,000 third issue of 1944 bonds, bearing rates ranging from 1½% to 4%, maturing Oct. 1, 1945-1978, and offered by the syndicate at prices to yield from 0.50% to about 2.02%.

The Business Man's Bookshelf

Advance Listing of Industrial Plants and Plant Sites To Be Disposed of By Defense Plant Corporation—Listed by States—Indexed by Size—Surplus War Property Division, of Defense Plant Corporation, Washington 25, D. C.

Economic Status of the New York Metropolitan Region in 1944, The—Regional Plan Association, Inc., 205 East 42nd Street, New York City—cloth.

International Conciliation (October 1944) — Carnegie Endowment for International Peace, 405 West 117th Street, New York 27, N. Y.—paper—5c. per copy; 25c. for one year's subscription.

Post-War National Income, Its Probable Magnitude — Joseph Mayer—The Brookings Institution, Washington 6, D. C.—paper —50c.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following firm changes:

Transfer of the Exchange membership of Harry MacDonald to Alan M. Mayer will be considered on Oct. 26. Mr. Mayer, it is understood, will act as an individual floor broker.

Francis X. Griffin retired from partnership in E. W. Clucas & Co., New York, on Oct. 18.

Norman Gunn, member of the Exchange, died on Oct. 10.

This advertisement is neither an offer to sell nor a solicitation of an offer to buy any of these securities.
The offering is made only by the Prospectus.

Mojud Hosiery Co., Inc.
(Formerly Mock, Judson, Voehringer Company, Inc.)

12,943 Shares 5% Cumulative Preferred Stock
($50 Par Value)

Price $50 per share
(Plus accrued dividend from October 1, 1944)

AND

81,182 Shares Common Stock
($2.50 Par Value)

Price $14.50 per share

The Prospectus may be obtained from the undersigned.

A. G. Becker & Co.
Incorporated

October 18, 1944.

How Can American Enterprise Finance Post-War Requirements?

(Continued from page 1685)

been made, American industry will have on hand more than $20 billions in working capital. This is a very considerable sum. I am also told that there are $20 billions in currency in circulation outside of the banks and that the bulk of this is in people's pockets. In short, we are richer than ever before in terms of money. On the other side of the balance sheet stands the stark figure of a debt which may reach $200 billions. Now, if it is true that the value of our money and the value of the promises called government bonds must stand or fall together, then we must ask ourselves how we can service this debt and at the same time maintain the value of the dollar.

I am neither an economist nor a financial expert, but it seems to me that the answer to this issue is relatively simple. The key word is "Production." If American industry does have $20 billions in working capital; and if there is a reservoir of savings in the country of more than $30 billions; and if the American people are carrying $20 billions in their pockets, there ought not to be any serious difficulty with the overall post-war financing picture.

The next basic assumption is that the debt cannot be repudiated. Furthermore, we will all agree that it is not likely to be settled by a capital levy for the obvious reason that a $200 billion dollar debt is just about equal to the value of all the productive equipment in the United States. Therefore, the debt must be serviced out of income by means of taxation. But the sum which the government can take annually in taxes is directly dependent upon the profits of enterprise. If there are no profits there will be nothing to tax.

The prospects for post-war production are almost fantastic. For the first time in our history we really know America's capacity to produce. All previous estimates fell far short of the facts. We have created and developed the greatest productive machine that the world has ever known. Apparently we have both the capital, the labor, and the management essential to run it. THE THING THAT APPEARS TO BE LACKING IS A PRACTICAL MEANS OR AGENCY FOR MOBILIZING AND MAKING AVAILABLE THE RISK CAPITAL WHICH IS ESSENTIAL TO A DYNAMIC ECONOMY. The commercial banking system, despite its franchise to create deposits, is not designed to provide venture capital. By its very nature and because of the rigid restrictions imposed by examining authorities, commercial banking cannot operate in this field. Investment banking was unable to assemble the huge sums required for war production. There is as yet no indication that it is prepared to invite the savings of the country to participate in the kind of risks which must be carried if we are to have full employment.

Thus far there are two classes of industry for which risk capital is assured: the well-established, large scale, pre-war enterprise, with a proven record of earnings. Typical of this group are such corporations as General Motors and General Electric. In this classification there are said to be about 200 corporations which enjoy the use of a very large percentage of the available capital resources. Another classification is so-called small business which now enjoys the favors of thoughtful attention on the part of the government. Just what constitutes small business has never been determined, but there is evidence that the enterprise which needs substantially less than a million dollars may be cared for by a government agency or by private banking pools. THE CLASSIFICATION WHICH AS YET HAS NO HELP IN PROSPECT COMPRISES THOSE INDUSTRIES WHICH WERE BORN OUT OF THE WAR, OR WHICH EXPANDED RAPIDLY DURING THE WAR, MANY OF WHICH MUST SURVIVE IF WE ARE TO HAVE THE VOLUME OF EMPLOYMENT ESSENTIAL TO OUR PEACE AND PROSPERITY.

Whenever I say anything about this subject, the criticism straightway appears that I am primarily concerned with financing my own interests. Such comment goes hand in hand with the statement that I have never done anything without government funds. It is time to get the record straight on these points and this may be the best place to do it.

Long before any war contracts were let, we had sponsored and completed nearly a quarter of a billion in construction contracts. If we were to write off at zero the billions in war contracts and abandon every war plant, shipyard and facility, we would still be in business in five major lines of enterprise in which not one dollar of government money has been invested. These interests include: a compensation insurance company which does a volume of business second to one only on the Pacific Coast; a cement business, which operates the largest single cement mill in the world; a sand and gravel business with as modern an installation as can be built, with proven reserves adequate to last many years, and 15 kindred plants; a construction business with a long record of experience in virtually every type of heavy construction. All of these enterprises were in existence long before the war and we are confident that they will continue to expand and develop in the peace period. As I stated, they were and are not only financed without government aid, but they are altogether competitive in their respective fields.

The statement that the construction business is financed by government money is misleading almost to the point of absurdity. To be sure, heavy construction depends in a considerable measure on public works, local, State and Federal, but since all such undertakings call for competitive bidding, the construction business is one of the most competitive and most hazardous in the entire field of enterprise. It is easier to go broke in the construction business than almost any other and the fact that the contracts are with a governmental agency gives no assurance whatever that they will be profitable. Efficiency, organization, cost consciousness and all similar factors must be present in a high degree. I trust you will pardon the digression, but I can no longer be handicapped by the unfounded criticism that my hopes for the future are based on self-interest.

My concern about post-war financing stems entirely from the conviction that if we fail to have full employment, we will not only face a form of national bankruptcy, but a social upheaval in which the American, democratic form of government might well be swept away. Employment is the sole factor of safety in our post-war economy. It is my purpose to continue the search for employment opportunities and to exploit them as fully as possible. Therefore, I ask you to take my personal interests out of the picture when you tackle this vital question as to how industry can finance full employment.

It is perfectly clear that we shall have to have some intermediary credit agency which will make available risk capital. This could follow the pattern of the Federal Reserve system and be a bankers' bank, financed through the investments of private banking institutions, or it could take the pattern of the Reconstruction Finance Corporation, which would put the government permanently in the banking business. I am fully aware that such a suggestion will arouse consternation and dismay among THOSE WHO THINK THAT WE CAN GO BACK TO WHAT WE HAD AND ENJOY FOR A BRIEF SPAN AN UPSWING OF THE BUSINESS CYCLE. To me, such thinking is a pitiful denial of the essential facts in this great social upheaval, of which the war itself is only a part. Mankind has asserted a new right as more basic and fundamental than any; namely, the right to work. By one means or another, we are going to have full employment. If private industry and private finance cannot assure this essential, they are doomed.

The International Aspects Of Economic Policy

(Continued from page 1684)

decisions that will be taken within the next few weeks and months. They affect all Americans. These United States have been built upon the twin principles of political liberty and economic opportunity. Millions of workers have come here seeking independence and liberty. They have sought to make their homes in a land where their children would have the right and the opportunity to strive for economic advancement.

We are all deeply committed to striving by all means in our power to organize our economic life so that everyone shall find opportunity for productive employment. Much more is involved in this than simply gaining a livelihood. No society can long survive in which men and women do not feel that they have a self-respecting and independent function to perform in the community. Everyone wants to be useful and to earn the respect of his fellows. It is of the utmost importance that we should have the kind of society that gives to all our people the opportunity for creative work. That is why we cling to private enterprise as the principle of our economic life. Government assistance and relief is no substitute for an efficient organization of private industry. It will not give us the standard of living our people want and deserve. And it will not give them independence and economic freedom.

It is for such reasons as these that the Committee on International Economic Policy has recently been created. A representative group of business men, leaders in their respective communities, have become associated in an attempt to put before the public the necessity for attention being paid to the international aspects of economic policy. We live in a world that is becoming more and more interdependent. News is transmitted almost instantaneously. Airplane communication brings us into close neighborhood with the whole world.

The Committee on International Economic Policy has therefore called upon the services of men who have spent a lifetime in the study of these questions. It has organized an advisory committee of economists under the chairmanship of Professor James T. Shotwell of the Carnegie Endowment for International Peace. This advisory committee of economists has drawn up a program of studies and has enlisted the services of leading specialists in preparing these studies. Our committee reserves the right of publication; but we rely upon our economic advisers to formulate the program of studies and to choose the men most competent to carry them out.

What we are engaged upon is in fact an educational program. We are not concerned to push our own ideas. We are concerned to make available to the American people the considered conclusions of those whose long studies have given them understanding and insight into these questions.

Take the first document we have published, which is a report of the whole of the advisory committee of economists, representing a consensus of informed opinion. This report, entitled "World Trade and Employment," is a cogent argument for the negotiation of a multilateral agreement to remove obstructions to international trade and to restore a framework within which private enterprise may work effectively. Many of you have seen this report. The response we have received to it is overwhelmingly favorable. Quite clearly it has commended itself to responsible opinion throughout the country as a practical and feasible plan of action.

To my mind the report of the economists is based upon a true conception of the functions of government on the one hand and business on the other hand. The function of government in regard to international trade is to negotiate understandings with other governments that will create the orderly framework within which individuals can work and trade to their mutual advantage. What is proposed is the restoration of national treatment and most-favored-nation treatment and the removal of those devices of economic warfare which strangled international trade before the war. These are tasks of some magnitude, calling for careful analysis and skilful negotiation and also for not a little constructive imagination in devising ways and means by which peoples of different political and economic backgrounds may cooperate.

For instance, it seems obvious that the maintenance of peace in the years to come will depend largely upon our being able to work for pacific ends as we have worked towards military objectives with our great allies, the British Commonwealth and the U. S. S. R. We all realize that this may not be easy. There are bound to be differences arising from divergent interests and divergent outlooks. But one method of working out these differences is in the course of business transactions. Given goodwill and good faith on both sides there is a sufficient basis of mutual interest to warrant the hope that ways and means of cooperation can be found. These, and similar questions, will be explored by the committee in its future publications. We may not always agree with every idea put forward by the authors of our papers; but our main purpose is to stimulate responsible discussion of these very real and important issues of policy.

If our democracy is to function, we must have such discussion. We have a right, and we have a duty, to make our voices heard on questions that affect the livelihood and freedom, and may affect the lives, of our people. Americans have never accepted policies handed down to them from above. They have always demanded the right to contribute their individual share in the formulation of policy. This is a Government of the people, by the people, and for the people. The Committee on International Economic Policy is out to pursue this democratic process of putting forward for public debate and acceptance ideas which are vital to the future prosperity of our people and to the preservation of our way of life.

DIVIDEND NOTICES

NATIONAL DISTILLERS PRODUCTS CORPORATION

The Board of Directors has declared a regular quarterly dividend of 50¢ per share on the outstanding Common Stock, payable on November 1, 1944, to stockholders of record on October 16, 1944. The transfer books will not close.

September 28, 1944

THOS. A. CLARK
TREASURER

McGraw Electric Company

Dividend Notice

The Directors of McGraw Electric Company have declared a quarterly dividend of 25c per share, payable November 1, 1944, to holders of common stock, of $1 par value per share, of record October 21.

Judson Large,
Secretary-Treasurer.

Recent Developments In Associated Gas & Electric

Amott, Baker & Co., Inc., 150 Broadway, New York City, have prepared a detailed report on recent developments affecting the Associated Gas & Electric reorganization now pending. Copies of this report, which discusses the problem and the long-term view of the situation, may be had from Amott, Baker & Co. upon request. Also available on request is a summary of the situation in Philip Carey Manufacturing Co.

Addressing Service

As publishers of **"Security Dealers of North America,"** we have a metal stencil for every firm and bank listed in our publication, which puts us in a position to offer you a more up-to-the-minute list than you can obtain elsewhere.

There are approximately 7,500 names in the United States and 700 in Canada, all arranged alphabetically by States and Cities.

Addressing charge $3.50 per thousand.

Herbert D. Seibert & Co., Inc.
Publishers of *"Security Dealers of North America"*
25 Spruce Street — BEekman 3-1767 — New York City

"Your Dollar's Worth"

(Continued from page 1688)

that some of the causes of war may be removed and liberty-loving nations may be made strong to resist aggression.

It surely is not too soon to plan for peace. If the victory is not here, if we are unable to prophesy even as to the European battle whether the end is a matter of days or weeks or months, we do know that victory will come. We know that it will come, because it has been demonstrated that the forces of democracy and liberty have attained definite military superiority over the forces of militarism, tyranny and aggression.

In attaining that superiority we here in the United States—and the same thing is true in Great Britain—have developed economic powers—productive powers—that have exceeded our own expectations and even our own most enthusiastic prophecies. This is not merely something to boast about. It is a fact that must affect our whole economic future, and our private and public planning as well.

It has been said that we are devoting half of our whole national product to war. But that hardly tells the story. It seems to create a picture of self-denial, of restriction of home consumption, which has not in fact occurred. With some allowance for special instances, we have not been called upon to deny ourselves consumption goods. Instead, what we have done has been approximately to double our national production and to devote the increase to war. This great production achievement has been made possible by practically unlimited government orders for goods, by production engineering and management of the very highest order, by a great upsurge of American inventive genius, by an increase in hours and numbers of persons employed, and generally by a popular will to build a tremendous production record in support of our military forces.

I think all of us will agree that this great production momentum and production potential and their economic and social consequences here in the United States are among the extremely significant and important facts with which we shall deal in the new economy, the new trade situation with which we shall be faced—to a very considerable extent after the European victory and before the victory over the Japanese, and to an increasing extent thereafter.

There will be other striking and even revolutionary factors in the situation. There is, for instance, the great fleet of ships constructed in American yards to meet the war's transport needs, and the men trained to operate them. There is the advance that has been gained in air travel, under which it has become commonplace to make in a day the journey that used to take a week; and in three days or four the journey that used to be an affair of months. Do you not think that this facility in travel — this shrinking of the earth, as it is the custom to speak of it—will make some difference not only in the character of international transactions, but in their volume? I feel sure of it.

But another difference in the economic situation will, we may suppose, be of transcending importance for a time. That difference is in the lamentable ruin that the enemies of civilization have wreaked, east and west ,in their invasion of peaceful lands. There is an enormous job of reconstruction and supply to be done. A part of that job will be the function of UNRRA, the international organization for broad-scale relief. But probably a much greater part of it will become the responsibility of the people of the countries which have been devastated and will translate itself into a greatly enhanced volume of international trade, including a heavy demand for American products, if appropriate means of financing the demand are found.

In the special situation that will exist at the war's end, foreign markets may and should offer a means of transition, of conversion from war production and war supply to a normal peace economy. It is certainly highly appropriate that we should seek ways by which exports will aid us in the problem of conversion. Our war supply program has been a program of manufacturing for export—export of the equipment for victory which happens also to be the tools of destruction. It will fit well into the picture if this particular export program should be tapered off in exports of the tools and equipment for reconstruction.

But this does not mean that our foreign trade can be a one-way street and that our interest in it is merely in getting rid of a surplus of production and productive capacity. All of us know how deeply our imports as well as our exports have been tied in to our whole economy. We know that the world's interest is in a prosperous America which will be one of the world's best customers. We need to buy more as well as to sell more—in the long run to buy more to be able to sell more. Our own domestic history has taught us that markets have no fixed limits; that they are expanded by creating and satisfying new wants and thus enhancing the standard of living. We know too that our best customers have been those with the most advanced modern economies. We have a solid interest in developing the economies of the less advanced nations.

If I were to ask you if your interest in a revived export trade would stop with the era of reconstruction after this war, I think I should get a very positive answer. Probably no group in the nation has suffered a more violent distortion of its business—distortion may not be the right word—than the foreign trader. Most of you who were engaged in foreign trade and shipping have simply had to find something else to do, which in a very great many cases has taken the form of service to the government in its foreign trading business or in some other branch of fighting a war. You will not be content, I am sure, with going back into the export and import business again on a temporary basis. And, indeed, I think there is no reason why you should.

The Treasury has reached certain conclusions on this matter of foreign trade, conclusions which are wholly consistent with those reached by other agencies of the Government and by private business, as revealed by a consensus of expressions of business leaders among which there doesn't seem to be a dissenting voice.

The Treasury's main conclusion has been expressed in actions already taken. It is most obvious that that conclusion is that it is urgently desirable that our foreign trade be not merely revived but very greatly expanded and that to achieve that objective many obstacles which now hamper foreign trade ought to be removed—obstacles created by governments in the past which have been hobbles to free enterprise.

The Treasury has taken the lead in proposing certain definite measures for the protection and encouragement of free enterprise in the development of world-wide trade, measures which will apply to the merchants and traders of all lands and will be the responsibility of many free governments acting together. The further conclusion has been reached that as a matter of course war restrictions on trade ought to be removed at the earliest possible moment consistent with the protection of our people.

The conviction that permanently increased foreign trade will be good for this country and for the countries with which it trades, that it will tend to promote world-wide prosperity, is not the consequence of any new theory, but rather of observation of events with which you as merchants and bankers, exporters and importers, are all familiar. You know that a high volume of world trade has accompanied prosperity and that restrictions on trade such as high tariff barriers, trade quotas, competitive depreciation and currency restrictions which have reduced trade have worked economic hardships on all nations. The international economic history of the thirties ought, it seems to many, to be sufficient evidence that the policy of choking world trade through governmental restrictions is the wrong road to follow.

Secretary Morgenthau's specific proposals so far advanced for dealing with the situation are as you all know embodied in the agreements reached at the Bretton Woods conference at which he presided. Those of you who attend the Banking Session this afternoon will hear these projects discussed by men who have been working directly on them, and are much better qualified than I am to talk about them.

Two points about the Bretton Woods agreements, however, seem to me to be worth emphasizing. The first is that they are not proposed as a rounded program for the future or a cure-all for the ills that in the past have afflicted international trade. They are meant instead to deal effectively with two outstanding needs of the post-war situation, the need for mutual stabilization of currencies and the need for international loans for reconstruction and development. The second and most important point is that they represent agreements among the representatives of 44 nations who thereby testify to their desire to work together and to their faith in international action as a means of solving problems in the economic as well as the political sphere.

We shall have need of cooperation. After five years of blood and suffering the mood of much of the world is one of defeatism, cynicism and despair. We are in danger even of being infected by it here. But never, I think, has America's opportunity to serve its own future and to serve humanity been greater than it will be at this war's end.

Because the world is sick to death of wars, shall we say that wars can not be prevented? Because we have learned how to produce in abundance for the wants of man shall we say that a surplus of productive ability must result in unemployment and want?

It doesn't make sense. The intelligence and the courage that are equal to beating down the most powerful of aggressors can surely serve to organize the world against future aggression. The genius that has solved the problems of production can surely make abundance available for relieving the world of want.

We have the raw materials with which to organize peace. We have the raw materials with which to organize world prosperity. What do we lack? Nothing, I believe, but the quality that is variously called courage, confidence, determination—the quality that chiefly explains all that we have done—the refusal to recognize defeat—the spirit that is represented in the two words that have been, as much as any, our national motto: "Can do."

Broker-Dealer Personnel Items

If you contemplate making additions to your personnel please send in particulars to the Editor of The Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Emory B. Curtis** has become associated with **E. H. Rollins & Sons, Inc.**, 135 South La Salle Street. Mr. Emory recently was with J. S. Bache & Co. Prior thereto he was in the service of the U. S. Government and in the past was with Milbank Corp. and Faroll Brothers

(Special to The Financial Chronicle)

PORTLAND, ME. — **Myron A. Conner** is with **Coburn & Middlebrook**, 465 Congress Street.

GREAT NORTHERN RAILWAY COMPANY

NOTICE OF IMMEDIATE PAYMENT

Great Northern Railway Company has irrevocably directed The First National Bank of the City of New York to publish appropriate notices calling for redemption all of the bonds outstanding in the hands of the public of the following issues:

GREAT NORTHERN RAILWAY COMPANY
First and Refunding Mortgage 4¼% Gold Bonds, due July 1, 1961
On January 1, 1945, at 105% of principal amount
plus accrued interest to said date

GREAT NORTHERN RAILWAY COMPANY
General Mortgage 4% Convertible Bonds, Series G and Series H due July 1, 1946
On January 1, 1945, at 101% of principal amount
plus accrued interest to said date

GREAT NORTHERN RAILWAY COMPANY
Collateral Trust 4% Bonds, due serially to January 1, 1952
On January 1, 1945, at 104% of principal amount
plus accrued interest to said date

EASTERN RAILWAY COMPANY OF MINNESOTA
Northern Division First Mortgage 4% Bonds, due April 1, 1948
ASSUMED BY GREAT NORTHERN RAILWAY COMPANY
On April 1, 1945, at 105% of principal amount
plus accrued interest to said date

Holders of the above bonds may immediately obtain the full redemption price thereof, including accrued interest to the specified redemption dates, by surrendering such bonds with all unmatured appurtenant coupons to The First National Bank of the City of New York at its office No. 2 Wall Street, New York 15, N. Y. The above General Mortgage 4% Convertible Bonds, Series G and Series H, will continue to be convertible in accordance with their terms into Preferred Stock of Great Northern Railway Company until and including said redemption date unless paid prior thereto as above provided.

GREAT NORTHERN RAILWAY COMPANY
By F. J. GAVIN, *President*

St. Paul, Minnesota
October 3, 1944

Calendar Of New Security Flotations

OFFERINGS

COMMONWEALTH EDISON CO. has filed a registration statement for $180,000,000 first mortgage 3% bonds, series L, due Feb. 1, 1977, of which $155,000,000 are publicly offered. The offering will exclude $25,000,000 of series L bonds to be isued, without interest adjustment or underwriting discounts or commissions, in exchange for $25,000,000 of first mortgage 3% bonds, series K, owned by 14 insurance companies. Net proceeds will be applied toward the redemption of the entire $98,000,000 first mortgage 3½% bonds, series I, due June 1, 1968, at 105% and $80,000,000 Public Service Co. of Northern Illinois first mortgage bonds, 3½% series due Oct. 1, 1968, at 105½. Additional funds required will be supplied out of other funds of the company. Filed Sept. 28, 1944. Details in "Chronicle," Oct. 5, 1944.

Offered—$155,000,000 bonds offered Oct. 18 at 104¼ and interest by a syndicate of over 160 investment bankers headed by Halsey, Stuart & Co., Inc.

MOJUD HOSIERY CO., INC., has filed a registration statement for 12,943 shares of 5% cumulative preferred stock, par $50, and 81,182 shares of common stock, par $2.50. The shares offered are issued and outstanding and do not represent new financing. Filed Sept. 29, 1944. Details in "Chronicle," Oct. 5, 1944.

Offered Oct. 18 by A. G. Becker & Co. and associates, the preferred at $50 per share plus dividend and the common at $14.50 per share.

THE OLIVER CORPORATION (name changed from Oliver Farm Equipment Co.) has filed a registration statement for 82,000 shares of 4½% cumulative convertible preferred stock ($100 par). Holders of common stock of record Oct. 13 are given the right to subscribe for the new stock at par ($100) at rate of one new share for each eight common shares held. Subscription warrants will expire 3 p.m. on Oct. 25, 1944. The underwriters will purchase any shares not subscribed for by the stockholders. Company will apply $1,505,625 of the net proceeds to the payment at 100⅜ of all promissory notes payable to banks in the aggregate amount of $1,500,000. Company expects that $4,500,000 of the proceeds will be used in the improvement and modernization of its plants, and the balance will be added to working capital. Underwriting group headed by Blyth & Co., Inc. Filed Sept. 23, 1944. Details in "Chronicle," Sept. 28, 1944.

TWIN CITY RAPID TRANSIT CO. has filed a registration statement for $7,000,000 4% collateral trust bonds, due Oct. 1, 1964. Net proceeds will be applied toward redemption of entire $10,888,600 outstanding first lien and refunding gold bonds, 5½%, series A and series B, at 102%. The series A bonds are to be redeemed on Dec. 1, 1944, and the series B bonds on Jan. 15, 1945. The additional amount required for the redemption will be supplied to the extent of $2,000,000 from a bank loan evidenced by the company's 1½% and 2½% serial notes and from other funds of the company. Since June 30, 1944, the company and its subsidiaries have purchased $418,600 of its series A and series B bonds at a cost exclusive of accrued interest, of $424,123. Filed Sept. 26, 1944. Details in "Chronicle," Oct. 5, 1944.

Offered Oct. 17 at 101½ by Dillon, Read & Co.

VAN RAALTE COMPANY, INC., has filed a registration statement for 129,281 shares of common stock (par $10). Holders of common stock of record Oct. 16, 1944 are given the right to subscribe to the 129,281 shares of common stock at $10 per share, in the ratio of one additional share for each share held. Subscription rights exercisable on and after Oct. 17, 1944, expire Nov. 14, 1944. If all of the common shares offered are subscribed for it is estimated company will receive a net amount of $1,262,810. The company will use $1,110,210 of such proceeds to redeem, on March 1, 1945, the 9,654 shares of its 7% cumulative first preferred stock at $115 per share, and the balance of the proceeds will be added to working capital. In the event that proceeds from sale of common stock offered to stockholders are insufficient to redeem the preferred stock, the company will use its own treasury cash to make up any deficiency. Not underwritten. Filed Sept. 27, 1944. Details in "Chronicle," Oct. 5, 1944.

NEW FILINGS

List of issues whose registration statements were filed less than twenty days ago, grouped according to dates on which registration statements will in normal course become effective, unless accelerated at the discretion of the SEC.

THURSDAY, OCT. 19

FOREMOST DAIRIES, INC., has filed a registration statement for 13,000 shares of preferred stock, 6% cumulative, par $50, and 75,000 shares of common, 20-cent par value. The shares are issued and outstanding and the offering does not represent new financing. Allen & Co., New York, head the list of underwriters. Price to the public is $50 per share for the preferred stock and $7 per share for the common. Filed Sept. 30, 1944. Details in "Chronicle," Oct. 5, 1944.

AETNA BALL BEARING MANUFACTURING CO. has filed a registration statement for 30,375 shares of 5% cumulative convertible preferred stock, par $20. The preferred stock is being offered to holders of common stock of record Oct. 14, for subscription at $20 per share on basis of one share of preferred for each four shares of common. Subscription rights will expire Oct. 30, 1944. Underwriters will purchase preferred stock not subscribed for by the stockholders. Proceeds will be added to working capital. The underwriters are Bacon, Whipple & Co., and Rawson Lizars & Co., Chicago, and Carlton M. Higbie Corp., Detroit. Filed Sept. 30, 1944. Details in "Chronicle," Oct. 5, 1944.

MONDAY, OCT. 23

MOBILE GAS SERVICE CORP. has filed a registration statement for $1,400,000 first mortgage bonds, series due Oct. 1, 1964, 6,000 shares of cumulative preferred stock, par $100, and 100,000 shares of common stock, par $7.50. All three classes of securities are to be offered for sale at competitive bidding, with the successful bidder naming the interest rate on the bonds and the dividend rate on the preferred stock. The bonds and preferred stock are being offered for the account of the corporation, while the common stock is being offered by Consolidated Electric & Gas Co., parent, which owns all of the common shares of company, except directors' qualifying shares. Company will apply the proceeds from sale of bonds and preferred stock, estimated at not less than $2,000,000, together with general funds, to the redemption of $1,400,000 of first mortgage bonds, 3¾% series due 1961, at 104½ and to the redemption of 6,000 shares of 6% cumulative preferred stock at $110 per share. Filed Oct. 4, 1944. Details in "Chronicle," Oct. 12, 1944.

WEDNESDAY, OCT. 25

KIMBERLY-CLARK CORP. has filed a registration statement for 4½% cumulative preferred stock, par $100, the number of shares to be filed by amendment. Corporation is making an offer to the holders of its present preferred stock on the basis of which each holder of present preferred would receive one and a fraction shares of new preferred for each share of present preferred, with adjustment for dividends. The full exchange basis will be set forth by amendment. Proceeds from sale of any unexchanged stock to underwriters will be used for the redemption of all the shares of present preferred stock not exchanged. Lehman Brothers, Wisconsin Co. and Hallgarten & Co. are underwriters. Filed Oct. 6, 1944. Details in "Chronicle," Oct. 12, 1944.

KIMBERLY-CLARK CORP. has filed a registration statement for 99,960 shares of common stock (no par). The 99,960 shares of common are being offered for subscription to the holders of its common stock of record Oct. 17 at the rate of one share for each five shares of common held. Unsubscribed shares will be offered by the underwriters to the public. Proceeds will be added to the general funds of the company. Lehman Brothers, the Wisconsin Co. and Hallgarten & Co. are underwriters. Filed Oct. 6, 1944. Details in "Chronicle," Oct. 12, 1944.

SILEX COMPANY has filed a registration statement for 82,000 shares of common stock (no par). The stock is issued and outstanding and does not represent new financing by the company. Paine, Webber, Jackson & Curtis, New York, head the list of underwriters. Filed Oct. 6, 1944. Details in "Chronicle," Oct. 12, 1944.

METROPOLITAN EDISON CO. has filed a registration statement for $24,500,000 first mortgage bonds series due 1974 and 125,000 shares cumulative preferred stock (par $100). The interest rate on the bonds and the dividend rate on the preferred stock will be filed by amendment. The bonds and preferred stock will be offered for sale pursuant to the Commission's competitive bidding rule. Proceeds from the sale of the new bonds and preferred stock, together with $9,049,900 to be received from NY PA NJ Utilties Co. and other funds of the company to the extent required are to be applied to the redemption of the following securities: First mortgage bonds, series D 4½%, $20,330,500, series E 4%, $4,684,000 and series G, 4%, $11,710,900 and to the redemption of outstanding $6 and $7 dividend prior preferred stock, cumulative, no par, and $5, $6 and $7 cumulative preferred stock, no par. Filed Oct. 6, 1944. Details in "Chronicle," Oct. 12, 1944.

SATURDAY, OCT. 28

KOPPERS CO. filed a registration statement for $23,000,000 first mortgage bonds, 3% series due Oct. 1, 1964, and $11,400,000 serial notes, issue of 1944. Following the issuance and sale of the bonds and notes, Koppers Co. and its parent, Koppers United Co., may be merged into Koppers Co., Inc., a new corporation formed for carrying out the merger, providing stockholders' approval is obtained. Proceeds from the contemplated financing will result in the retirement of all existing funded debt of Koppers Co. and Koppers United Co. and all of the existing 200,000 shares of preferred stock of Koppers Co. Underwriters are Mellon Securities Corp., A. C. Allyn & Co., Inc., Baker, Watts & Co., Blyth & Co., Inc., Alex. Brown & Sons, Coffin & Burr, Inc., First Boston Corp., Hallgarten & Co., Halsey, Stuart & Co., Inc., Harriman Ripley & Co., Inc., Harris, Hall & Co., Inc., Hayden, Miller & Co., Hemphill, Noyes & Co., Illinois Co. of Chicago, W. C. Langley & Co., Lazard Freres & Co., Moore, Leonard & Lynch, Reinholdt & Gardner, E. H. Rollins & Sons, Inc., Singer, Deane & Schribner, Stifel, Nicolaus & Co., Inc., Stein Bros. & Boyce, Stone & Webster and Blodget, Inc., Union Securities Corp., White, Weld & Co., and Whiting, Weeks & Stubbs. Filed Oct. 9, 1944. Details in "Chronicle," Oct. 12, 1944.

KOPPERS CO., INC., has filed a registration statement for 150,000 shares of cumulative preferred stock and 200,000 shares of common. The dividend rate on the preferred will be filed by amendment. Proceeds will be applied to the retirement of all of the existing 200,000 shares of preferred stock of the Koppers Co. after the merger and to pay off bank notes aggregating $4,786,624 of Koppers United Co. Underwriters same as above. Filed Oct. 9, 1944. Details in "Chronicle," Oct. 12, 1944.

TIDE WATER POWER CO. has filed a registration statement for $4,500,000 first mortgage bonds 3½% series due Nov. 1, 1974, and 10,000 shares of 5% preferred stock, par $100. Bonds and preferred stock are to be offered for sale at competitive bidding. Net proceeds estimated to be approximately $5,605,000, together with such cash from the company's general funds as may be required, will be used to redeem $6,065,500 first mortgage 5% series A bonds due Feb. 1, 1979. Filed Oct. 9, 1944. Details in "Chronicle," Oct. 12, 1944.

FEDERAL MACHINE & WELDER CO. has filed a registration statement for $2,000,000 15-year 5% sinking fund debentures due Sept. 1, 1959. Proceeds for working capital. Central Republic Co., Inc. and Peltason, Tenenbaum Co. are principal underwriters. Filed Oct. 9, 1944. Details in "Chronicle," Oct. 12, 1944.

TUBIZE RAYON CORP. has filed a registration statement for 70,000 shares of preferred stock (par $100). The dividend rate will be filed by amendment. Net proceeds will be applied to the redemption of $2,450,000 3½% sinking fund debentures, due Nov. 1, 1956, and for redemption of 18,395 shares of 7% preferred stock, par $100, redeemable at $110 per share and accrued dividends. Balance of net proceeds will be added to working capital. Kidder, Peabody & Co., and Union Securities Corp. head the list of underwriters. Filed Oct. 9, 1944. Details in "Chronicle," Oct. 12, 1944.

HARRIS MANUFACTURING CO. has filed a registration statement for 60,000 shares of 7% cumulative convertible class A stock (par $5) and 120,000 shares of class B (par $2) reserved for conversion.

Address—Stockton, Calif.

Business—Manufacturer of farm equipment and machinery.

Offering—The 7% cumulative convertible class A stock will be offered at $5 per share.

Proceeds—For working capital.

Underwriting—Nelson, Douglas & Co. heads the list of underwriters.

Registration Statement No. 2-5503. Form S-2. (10-9-44). Statement originally filed at San Francisco.

SUNDAY, OCT. 29

UNITED STATES POTASH CO. has filed a registration statement for 50,000 shares of common stock (no par). The shares are issued and outstanding and do not represent new financing.

Address—30 Rockefeller Plaza, New York City.

Business—Engaged in prospecting for, mining, refining and distributing potassium salts.

Offering—Price to the public will be filed by amendment.

Proceeds—The proceeds will go to the selling stockholder. All of the 50,000 shares registered are now owned beneficially by and will be purchased from Borax Consolidated, Ltd., which, prior to such sale, owns beneficially 262,500 shares of common stock of United States Potash Company.

Underwriting—The underwriters are Lee Higginson Corp. and Paine, Webber, Jackson & Curtis, 10,000 shares each; Blyth & Co., Inc., and Smith, Barney & Co., 8,000 shares each; Graham, Parsons & Co., 5,000 shares; Bosworth, Chanute, Loughridge & Co., 4,000 shares; William R. Staats Co., 3,000 shares, and Newhard, Cook & Co., 2,000 shares.

Registration Statement No. 2-5504. Form S-2. (10-10-44).

PACIFIC GAS & ELECTRIC CO. has filed a registration statement for $115,000,000 3% first and refunding mortgage bonds, series L, due June 1, 1974.

Address—San Francisco, Calif.

Business — Operating gas and electric utility.

Offering—The offering price to the public will be filed by amendment.

Proceeds—The proceeds from the bond sale, with other funds of the company, will be used to retire on Jan. 1, 1945, the $115,756,000 series H 3¾% bonds at the call price of 107½.

Underwriting—Blyth & Co., Inc., head the underwriting group, with others to be named by amendment.

Registration Statement No. 2-5505. Form S-1. (10-10-44).

MONDAY, OCT. 30

THE LIONEL CORP. has filed a registration statement for 52,714 shares of common stock (par $10). The shares are issued and outstanding and do not represent new financing.

Address—15 East 26th Street, New York, N. Y.

Business—Manufacture and sale of model electric trains, etc., and toys.

Offering—Price to the public will be filed by amendment.

Proceeds—The proceeds will go to the selling stockholders the largest of whom is Mario Caruso who has agreed to sell 25,040 shares. Other sales are by various members of the Caruso family. Mr. Caruso after 40 years of service has resigned as of Nov. 1, 1944, as secretary-treasurer, director and works manager.

Underwriting—The principal underwriters are Granbery, Marache & Lord, Emanuel & Co., and A. C. Allyn & Co., Inc., all of New York.

Registration Statement No. 2-5506. Form S-1. (10-11-44).

BASSETT FURNITURE INDUSTRIES, INC., has filed a registration statement for 12,000 shares of common stock (par $10). The shares are issued and outstanding and do not represent new financing.

Address—Bassetts, Va.

Business—Manufacture and sale of furniture.

Offering—Price to the public is $26.50 per share.

Proceeds—Proceeds will go to the selling stockholders.

Underwriting—Scott, Horner & Mason, Inc., Lynchburg, Va., is principal underwriter.

Registration Statement No. 2-5507. Form S-2. (10-11-44).

WYANDOTTE WORSTED CO. has filed a registration statement for 120,000 shares of common stock (par $5). The shares are issued and outstanding and do not represent new financing.

Address—Waterville, Maine.

Business — The company's business is normally the manufacture of worsted fabrics.

Offering—Offering price to the public will be supplied by amendment.

Underwriting—Shields & Co. heads the group of underwriters.

Registration Statement No. 2-5508. Form S-2. (10-11-44).

AMERICAN TOBACCO CO. has filed a registration statement for $100,000,000 25-year 3% debentures, due Oct. 15, 1969.

Address—111 Fifth Avenue, New York City.

Business—Manufacture and sale of cigarettes, smoking and chewing tobaccos, and cigars.

Proceeds—Proceeds from sale of the debentures will be applied to the extent required to payment of all short-term loans from banks and balance will be added to working capital. The total bank loans as of Oct. 16, 1944, are given as $15,000,000. From its working capital as augmented the company expects to finance the purchase of larger inventories of leaf tobaccos.

Underwriting—The underwriting group which consists of 148 investments houses is headed by Morgan Stanley & Co. with $5,000,000. Other underwriters of $1,000,000 or more are Blyth & Co., Inc., $4,100,000; Clark, Dodge & Co., $1,500,000; Dominick & Dominick, $1,500,000; Drexel & Co., $2,000,000; Eastman, Dillon & Co., $1,500,000; Estabrook & Co., $1,250,000; First Boston Corp., $4,100,000; Glore, Forgan & Co., $1,000,000; Goldman, Sachs & Co., $4,100,000; Harriman Ripley & Co., Inc., $4,100,000; Hemphill, Noyes & Co., $1,500,000; Hornblower & Weeks, $1,500,000; W. E. Hutton & Co., $1,500,000; Kidder, Peabody & Co., $4,100,000; Lazard Freres & Co., $2,650,000; Lee Higginson Corp., $2,650,000; Lehman Brothers, $4,100,000; Mellon Securities Corp., $4,100,000; Merrill Lynch, Pierce, Fenner & Beane, $1,500,000; F. S. Moseley & Co., $2,650,000; Paine, Webber, Jackson & Curtis, $1,000,000; E. H. Rollins & Sons, Inc., $1,250,000; Smith, Barney & Co., $4,100,000; Stone & Webster and Blodget, Inc., $2,000,000; Union Securities Corp., $2,650,000; White, Weld & Co., $2,000,000.

Offering—Price to the public will be filed by amendment.

Registration Statement No. 2-5509. Form A-2. (10-11-44).

TUESDAY, OCT. 31

MAJESTIC RADIO & TELEVISION CORP. has filed a registration statement for 297,500 shares of common stock (par one cent). Of the total 200,000 shares will be sold by the company, 95,000 shares will be issued to stockholders upon exercise of options and 2,500 shares will be sold by another stockholder.

Address—3600 West 50th Street, Chicago.

Business — Manufacture of radio and electronic equipment.

Offering—Price to the public will be supplied by amendment.

Proceeds—Proceeds from sale by Majestic will be used not in excess of $170,000 for the purpose of calling at $10 per share all of the outstanding 26,016 shares (no par) preferred stock. Holders of more than 9,000 shares of preferred, including British Type Investors, Inc., and Empire American Securities Corp. have stated that such stock will be converted into common stock and not presented for redemption, and company's statement said it is probable that other holders of preferred will take similar action. Balance will be used to record manufacture and sell phonographic records and working capital. Proceeds to Majestic on sale of the 95,000 shares upon exercise of options amounting to $112,499 will be added to working capital.

Underwriting—Kobbe, Gearhart & Co., Inc.

Registration Statement No. 2-5510. Form S-1. (10-12-44).

HOTEL WALDORF-ASTORIA CORP. voting trust certificates under a voting trust agreement dated as of July 1, 1943, have been filed for 386,380 shares of capital stock.

Address—Park Avenue and 50th Street, New York City.

Business—Hotel.

Voting Trustees—Voting trustees are Duncan G. Harris, Arthur V. Davis and John L. Weeks.

Purpose—The certificates registered are proposed to run for ten years from the date of the agreement, that is, to June 30, 1953.

Registration Statement No. 2-5511. Form F-1. (10-12-44).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us

ALVA PUBLIC TERMINAL ELEVATOR CO. has filed a registration statement for $250,000 10-year 6% subordinated sinking fund notes, due 1954. Proceeds will be used for the purchase of the real estate and the construction of a one million bushel elevator, with a three million bushel head house. To be offered mainly to people in the Alva, Okla., community who are interested in construction of the grain elevator. Filed Aug. 8, 1944.

CALIFORNIA OREGON POWER CO. has filed a registration statement for $13,500,000 first mortgage bonds series due Nov. 1, 1974. The bonds will be offered for sale at competitive bidding with the successful bidder fixing the interest rate. Company will apply net proceeds towards the redemption of $13,500,000 first mortgage bonds, 4% series due 1966, at 195½ plus interest. Filed Sept. 28, 1944. Details in "Chronicle," Oct. 5, 1944.

CENTRAL NEW YORK POWER CORP. has filed a registration statement for $48,000,000 general mortgage bonds, 3% series due 1974. The bonds will be offered for sale under the Commission's competitive bidding rule. Net proceeds with other funds of the company or other borrowings will be applied to the redemption of outstanding $45,000,000 general mortgage bonds, 3¾% series due 1962, at 104, and $5,000,000 general mortgage bonds, 3½% series due 1965, at 104½. Filed Sept. 29, 1944. Details in "Chronicle," Oct. 5, 1944.

CENTRAL VERMONT PUBLIC SERVICE CORP. has filed a registration statement for 37,856 shares of 4¼% dividend series preferred stock, ($100 par). Company is offering to holders of its 37,856 shares of $6 dividend series preferred the opportunity to exchange their stock on a share for share basis for the new 4¼% dividend preferred stock, with a cash payment and accrued dividends on the $6 preferred to the date of exchange. The cash payment is equal to the difference betwen the initial public offering price of the 4¼% preferred stock and the redemption price of $107.50 per share of the $6 preferred. All shares of $6 preferred stock not surrendered in exchange will be called for redemption at $107.50 per share plus accrued dividends. Any shares of 4¼% preferred which stockholders do not take under the exchange offer are to be sold to underwriters. Filed Sept. 7, 1944. Details in "Chronicle," Sept. 14, 1944.

Issue awarded Oct. 16 to Blyth & Co., Inc. and associates at 102.5 for any of the preferred not issued in exchange. They specified a 4.15% dividend rate and compensation of $1.65 a share for the group's service in effecting the exchange.

COASTAL TERMINALS, INC. has filed a registration statement for 25,000 shares of common stock (par $10). Proceeds will be used for the acquisition of land, equipment and for working capital. Price to public $10 per share. Not underwritten. Filed Sept. 20, 1944. Details in "Chronicle," Sept. 28, 1944.

EQUIPMENT FINANCE CORP. filed a registration statement for 14,000 shares 4% cumulative series 2 preferred, par $100. To be sold to officers and employees of company and Curtiss Candy Co. and its subsidiaries. Price $100 per share. Proceeds for acquisition of factory and warehouse buildings and additional trucks. Filed May 19, 1944. Details in "Chronicle," May 25.

THE EUGENE FREEMAN CO. has filed a registration statement for $300,000 trade acceptances. Proceeds will be applied to organization expenses, acquisition of motor trucks, real estate, buildings, machinery, etc. Filed Sept. 13, 1944. Details in "Chronicle," Sept. 21, 1944.

EXCESS INSURANCE CO. OF AMERICA has filed a registration statement for 48,981 shares of capital stock (par $5). Shares are to be offered for subscription to present stockholders of record May 31, 1944, on a pro rata basis at $8 per share. Net proceeds will be added to company's capital and surplus funds. Unsubscribed shares will be sold to Lumbermens Mutual Casualty Co. for investment. Filed May 29, 1944. Details in "Chronicle," June 8, 1944.

FLORIDA POWER CORP. filed a registration statement for 40,000 shares cumulative preferred stock (par $100). The dividend rate will be supplied by amendment. Net proceds from the sale of the new preferred stock, together with additional funds from the treasury to the extent required, are to be applied as follows: Redemption of 28,762 shares 7% cumulative preferred at $110 per share $3,163,820; redemption of 5,940 shares of 7% cumulative preferred at $52.50 per share $311,850; donation to Georgia Power & Light Co. to be used for redemption of certain of its securities as provided in recap plan of that company $1,400,000; payment to General Gas & Electric Corp. for 4,200 shares of $6 preferred of Georgia Power & Light Co. $75,600, and expenses $80,000, total $5,031,270. Stock is to be offered for sale by the company pursuant to Commission's competitive bidding Rule U-50, and names of underwriters will be filed by post-effective amendment. The succesful bidder will name the dividend rate on the stock. Filed July 21, 1944. Details in "Chronicle," July 27, 1944.

GERMANTOWN FIRE INSURANCE CO. has filed a registration statement for 50,000 shares of common stock, $20 par, and voting trust certificates for said stock. Policyholders of Mutual Fire Insurance of Germantown are to have pre-emptive rights to subscribe for the common stock at $20 per share in proportion to the respective premiums paid by them upon insurance policies issued by Mutual. Voting trust certificates representing shares not subscribed will be offered to the general public at the same price. All stockholders will be asked to deposit shares in the voting trust for a period of 10 years. Bioren & Co. are underwriters. Filed May 29, 1944. Details in "Chronicle," June 8, 1944.

HANCHETT MANUFACTURING CO. has filed a registration statement for $450,000 first mortgage convertible 5½% bonds, series A, maturing serially from 1945 to 1964, and 45,000 shares of common stock ($1 par). The shares are reserved for issue upon conversion of $450,000 first mortgage convertible bonds. Underwriter is P. W. Brooks & Co., Inc., New York. Proceeds will be applied to the reduction of bank loans. Price range 101 for 1945 maturities to 99.5 for 1960-64 maturities. Filed July 20, 1944. Details in "Chronicle," July 27, 1944.

LINCOLN PARK INDUSTRIES, INC., has filed a registration statement for $250,000 6% ten-year debentures maturing Nov. 1, 1954. Debentures to be offered directly by the company at par and interest. Not underwritten. Proceeds for additional working capital. Filed Sept. 27, 1944. Details in "Chronicle," Oct. 5, 1944.

MONMOUTH PARK JOCKEY CLUB has filed a registration statement for $1,600,000 10-year 6% cumulative income debentures and 230,000 shares of common stock, one cent par value, to be represented by voting trust certificates. The offering price to the public of the debentures is par, although certain of the debentures are being offered otherwise than through an underwriter at a price less than 100%. The common stock, voting trust certificates, is being offered at par. Upon completion of the financing the underwriter, Bond & Goodwin, Inc., will be entitled to purchase 25,000 shares of common stock represented by voting trust certificates, at one cent per share. Proceeds will be use for construction. Filed Sept. 23, 1944. Details in "Chronicle," Sept. 28, 1944.

THE MUTUAL TELEPHONE CO., HONOLULU, HAWAII, has filed a registration statement for 100,000 shares ($10 par) capital stock. Stock will be offered to holders of presently outstanding 500,000 shares of capital stock at par on basis of one share for each five held. Any stock not taken by stockholders will be sold at public auction. Proceeds for working capital. Filed Aug. 16, 1944. Details in "Chronicle," Aug. 24, 1944.

THE OLD STAR DISTILLING CORP. has filed a registration statement for 5,000 shares of $100 preferred stock, non-cumulative and non-participating. Price to public will be $110 per share; proceeds to company $100. Proceds will be used for construction of distillery, $250,000; working capital, $250,000. No underwriter named. Filed Aug. 14, 1944. Details in "Chronicle," Aug. 24, 1944.

PHILADELPHIA ELECTRIC CO. has filed a registration statement for $130,000,000 first and refunding mortgage bonds consisting of $65,000,000 2¾% series due Nov. 1, 1967, and $65,000,000 2¾% series due Nov. 1, 1974. Entire net proceeds together with treasury cash or cash augmented by means of short term loans will be used to redeem on or about Dec. 1, 1944, at 106 $130,000,000 first and refunding mortgage bonds, 3½% series due 1967, aggregating $137,800,000. The SEC has denied the company's application to exempt it from the competitive bidding requirements of Rule U-50. Filed Sept. 20, 1944. Details in "Chronicle," Sept. 28, 1944.

Bids for the purchase of the bonds will be received at company's office, 900 Sansom St., Philadelphia 5, Pa., up to 1 p.m. EWT Oct. 18.

Award—The bonds were awarded to a syndicate headed by Mellon Securities Corp. and First Boston Corp., as joint managers, at a price of 99.44888 for $65,000,000 series of 1967, and price of 98.94888 for the $65,000,000 maturing in 1974. It is expected that the bonds will be offered to the public tomorrow (Oct. 20).

POTOMAC EDISON CO. has filed a registration statement for $16,981,000 first mortgage and collateral trust bonds, 3¼% series due 1974. Proceeds from sale, with additional funds of company, will be used for the redemption of $11,981,000 first mortgage gold bonds, series E, 5%, at 105, and $5,000,000 first mortgage gold bonds, series F, 4½%, at 107½, in each case plus accrued interest. Bonds to be sold at competitive bidding. Filed Sept. 22, 1944. Details in "Chronicle," Sept. 28, 1944.

RESISTOFLEX CORP. has filed a registration statement for 100,000 shares of common stock ($1 par). Proceeds for additional working capital. Price to public $4 per share. Herrick, Waddell & Co., Inc., New York are underwriters. Filed Sept. 16, 1944. Details in "Chronicle," Sept. 21, 1944.

S AND W FINE FOODS, INC. has filed a registration statement for 75,000 shares of common stock (par $10). Proceeds for working capital which may be used for plant improvements and office and warehouse expansion. Blyth & Co., Inc. are underwriters. Price to public $16 per share. Filed Sept. 28, 1944.

VERTIENTES-CAMAGUEY SUGAR CO OF CUBA.—696,702 shares of common stock ($6.50 par), U. S. currency. Of shrs registered, 443,850 are outstanding and owned by the National City Bank, N. Y. Several underwriters have agreed to purchase $1,663,500 of first mortgage (collateral) 5% convertible bonds of company due Oct. 1, 1951, owned by National City Bank, N. Y. Underwriters propose to convert these bonds at or prior to closing and the 252,852 shares of common stock which are received by the underwriters on such conversion, together with the 443,850 shrs. previously mentioned, will make up the total stock to be offered. Harriman Ripley & Co., Inc., N. Y., principal underwriter. Filed Mar 29, 1944. Details in "Chronicle," April 6, 1944.

A Plan For Treating The National Debt

Editor, "Commercial and Financial Chronicle":

Legislation by Congress for treatment of our national debt at the end of war as a part of our post-war tax program is absolutely necessary. If treated in the same manner which all national governments have always treated skyrocketing national debts resulting from costs of wars—and that has been haphazard reductions when and if the annual receipts exceed annual expenditures—we are apt to lapse into the age-old practice of repudiating or inflating the debts out of existence. On the other hand, if legislation is designed, forcing our Government to put into practice the same orthodox methods of accounting procedure and business administration as practiced by our large corporations, inflation in most of its varied forms can be prevented.

What move would likely be made by one of our large corporations which, as a result of prolonged expansion in business, found itself with a $300,000,000,000 debt, but after a let-down in activity, resulting in a washout of its current assets and current liabilities, found its cash position too large for its annual turnover of business? Part of the cash would be used for reducing the debt. What would it do if its annual turnover of business was large enough to allow the creation of additional earned surplus every year after reasonable dividends? It would use part of the surplus to reduce its debt, either by annual serial payments, or establish a sinking fund for the same purpose.

How can our Government do this—what formula can be used to determine the cost of the war and how much of the war debt should be paid? Here is the formula—figures estimated:

	Billion
Nat. debt at the end of hostilities	$300
Debt at the beginning of the war	40
Individual savings resulting from Government deficit spending	130
Corporate savings	25
Reduction of individual, corporate and municipal debt	15
Approximate liquidating value of Gov. war-owned properties	50
Allowance for savings in normal peace times for duration of war	10
*Lost property values	30

*Represents war property destroyed on the ground, blown up in the air, or sunk to the bottom of the ocean.

Equation

Cost of the war equals $300 billion minus the sum of debt at the start of the war, plus liquidating value of Government war-owned property, plus normal peacetime increase in savings for duration of war, **or** the sum of individual savings, plus corporate savings, plus individual, corporate and municipal reduction in debt, plus lost property values. Cost of war equals $300 billion, minus sum of ($40 billion, plus $50 billion, plus $10 billion) equals $200 billion, **or** the sum of $130 billion, plus $25 billion, plus $15 billion, plus $30 billion, equals $200 billion.

How much of this war cost should be paid and by whom? Let's say 75% or $150 billion, and pass on $50 billion to unborn posterity. The living, while maybe not deserving, should receive some credit for planning for those yet unborn—on the theory that the four freedoms are worth as much to one person as another, we divide the $150 billion by the number of living persons in the United States and its possessions (rules to be drawn up for exclusion of the incapable, the destitute and the military) and arrive at approximately $1,200 owed by each individual. Each person shall give to our Government his 20-year non-interest-bearing installment note, payable $60 annually.

Congress shall create a war-debt liquidating corporation; on the debit side will be $150 billion debt. On the credit side $150 billion of non-interest-bearing installment notes—expenses of the corporation and service on the debt will be accounted for in the Treasury's annual budget. To alleviate the burden on younger generations, the first installment will be due on the first of the calendar year following the 24th birthday. Anyone has the option to pay all his notes at any time. Donations made to the war-debt liquidating corporation through testament or gift shall be free from inheritance, Federal estate and gift taxes. This will appeal to the philanthropy of those more able to pay and bring in enough additional to take care of delinquents. Moneys collected shall be used to purchase Government bonds in the market up to pay, to take them up at maturity or to call them on their call dates. Moneys received by the War Surplus Property Liquidating Board shall go to the U. S. Treasury and be used for the same purpose.

Adoption of a plan like this will not only result in liquidation of a large part of our national war debt but will nip in the bud any form of threatening inflation. The forces of inflation thrive on a public psychology which seeks something for nothing, and just as truly the forces of thrift, courage and endeavor thrive on the knowledge that a person must pay for whatever he gets. And not the least important, public reaction to be gained by adopting such a plan is the continuously living consciousness that the cost of war is very dear.

J. ALLEN HARVEY
A. G. EDWARDS & SONS
409 N. 8th St., St. Louis, Mo.
Oct. 18, 1944.

WESTERN UNION TELEGRAPH CO. has filed a registration statement for $24,603,000 convertible debentures and an indeterminate number of shares of class A stock to be available for conversion. Subscription warrants will be issued to present holders of company's class A and class B stock entitling them to purchase $100 principal amount of the new debentures for each 5 shares of class A stock or each 8⅓ shares of class B stock held on a record date to be supplied by amendment. Proceeds plus whatever general funds are necessary will be applied to the redemption on Dec. 1, 1944 of $25,000,000 25-year 5% bonds at 105% plus accrued interest. Names of underwriters and interest rate to be supplied by amendments. Filed Ang. 18, 1944. Details in "Chronicle," Ang 24

The directors Sept. 5 voted to direct the officers to formulate plans to invite competitive bids for the new bond issue

Due to a decision of the N. Y. Public Service Commission that it has jurisdiction over the proposed issue, the company has decided to defer the issue temporarily.

New SEC Form To Register Mining Corp. Shares

The Securities and Exchange Commission announced on Sept. 27 that drafts have been prepared of a new simplified form for the registration of shares of mining corporations under the Securities Act of 1933, and of a rule for the exemption from registration of the assessable shares of mining corporations pursuant to Section 3 (b) of the Act. In keeping with its practice, the Commission has sent copies of the proposed registration form and exemption rule to various individuals, organizations, and firms interested in mine financing for their comments and suggestions prior to adoption of the registration form and rule in their final form. The Commission also says:

"The proposed registration form is not to replace an existing form but is designed instead to meet the particular needs of the small, newly-organized company having a mine in the exploratory stage. The simple financial history generally found in this type of registrant has permitted the elimination of certain instructions to the financial statements and the requirement for the certification of such statements by independent accountants. The exploratory type of mining operation contemplated has made possible the simplification of the items dealing with business and property, and the elimination of previous requirements for maps and estimates relating to ore reserves. Other items of the form are also more concise and simple than in the case of previous mining forms. The instructions to the various items of the form immediately follow the items and have been prepared with the view of showing clearly the type of information intended to be elicited. The instructions are self-contained, insofar as practicable.

"The proposed exemption rule would, under certain prescribed conditions, make possible the offering of assessable shares of mining corporations without registration. Under this rule, an amount not to exceed $100,000 could be raised each year through stock offerings and/or assessments."

Tomorrow's Markets Walter Whyte Savs——

(Continued from page 1686)

have a market reflection. But seldom does it go far or last long. Frequently the condition which brought about the change has been indicated by tape action long before the general public became aware of it.

* * *

In the past 10 days a compilation of the outstanding short position was published. It was noticeable that the rails which had a fairly substantial bear crowd have been cut down somewhat. To offset the reduction the short position on some of the industrials, e.g., American Locomotive, U. S. Steel, Graham-Paige and Pepsi-Cola, has grown. General Motors and Lockheed shorts also increased.

* * *

In the old days a large short position was frequently an invitation for professional traders to go hunting. Too many shorts, many of them maintaining their positions with close stops, was the signal for a well managed buying expedition which nine times out of 10 would carry stocks way above any so-called value level. Today, short positions are carried on too high a margin to permit of any fishing expedition. But if fishing in troubled waters has become unprofitable, the element of shorts helping a market zoom hasn't disappeared.

* * *

For a basic human reason, the short trader seldom displays the intestinal fortitude of the long buyer. Latter will frequently hold a losing position for weeks and months, consoling himself with what he thinks is fundamentals. The man who is short seldom has that comfort. Instead, he conjures up visions of sharp rallies which may whittle his bankroll down to a couple of thin dimes.

Last week this column stated that a three-point reaction was in the wind. It pointed out that about half that reaction had already been seen and another setback, equi-distant, was looked for. As this is being written it looks as if the entire three-point setback will have run its course by the time this reaches your eyes. So, unless some unknown factor enters the picture the position now is to hold on to old positions and possibly initiate new ones.

* * *

The old positions are as follows: Allied Mills (half profits accepted at 32½ or better) was bought at 28. Stop remainder at 28. Bendix (half profits recommended at 45½ was bought at 38¼. Stop remains at 38. Crown Zellerbach, bought at 18, still carries a stop at 17. Stock is still about 19. Lockheed, bought at 17 (now about 21½ should be held with a stop at 18. U. S. Steel, bought at 58½, doesn't show much of anything. Offerings exist across 59½. Hold full position.

* * *

Steel stocks as a group are beginning to show a rising trend which may be translated into higher prices for individual stocks in the near future. The same thing is true of the copper stocks. Both groups give signs of an incipient rising trend that bears watching. Perhaps, by the time the next column is written, enough additional factors will become visible to permit specific stock recommendations.

* * *

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

LAMBORN & CO.
99 WALL STREET
NEW YORK 5, N. Y.

SUGAR

Exports—Imports—Futures

DIgby 4-2727

Established 1856

H. Hentz & Co.

Members
New York Stock Exchange
New York Curb Exchange
New York Cotton Exchange
Commodity Exchange, Inc.
Chicago Board of Trade
New Orleans Cotton Exchange
And other Exchanges

N. Y. Cotton Exchange Bldg.
NEW YORK 4, N. Y.

CHICAGO DETROIT PITTSBURGH
GENEVA, SWITZERLAND

Teletype
NY 1-971
•
Telephone
HAnover
2-0500

Firm Trading Markets
FOREIGN SECURITIES
all issues

CARL MARKS & CO. INC.
FOREIGN SECURITIES
SPECIALISTS
50 Broad Street • New York 4, N.Y.
AFFILIATE: CARL MARKS & CO. Inc. CHICAGO

Micromatic Hone Corp. Cum. Con. Pfd.
Micromatic Hone Corp. Common
Prospectus on Request
CRUTTENDEN & CO.
Members New York and Chicago Stock Exchanges
209 South LaSalle Street
CHICAGO 4, ILLINOIS
CHICAGO
Dearborn 0500
Teletype
CG 35
LOS ANGELES
634 So. Spring St.
Telephone
Trinity 6345

REMEMBER . . .
OUR *wide dealer contacts and private wire connections, allow us to give you the*
BEST *service possible for making active trading markets in*
OVER-THE-COUNTER SECURITIES
(Actual Trading Markets, Always)

Kobbé, Gearhart & Company
INCORPORATED
Members New York Security Dealers Association
45 NASSAU STREET, NEW YORK 5
TELEPHONE RECTOR 2-3600
PHILADELPHIA TELEPHONE ENTERPRISE 6015
BELL TELETYPE NEW YORK 1-576

Carrier Corp. Conv. Pfd.
New England Pub. Serv.
Pfd. Plain
Micromatic Hone Pfd.
Majestic Radio & Tel.
Greyhound Corp.
Bendix Home App.

M. S. WIEN & Co.
Members N. Y. Security Dealers Ass'n
40 Exchange Pl., N. Y. 5 HA. 2-8780
Teletype N. Y. 1-1397

A Low-Priced Stock in an Industry With a Bright Future
Giant Portland Cement (Pa.)
Stocks 3¼ - 3 7/16
Div. Arrears Ctfs. 18¼ - 19¼
Circular Available—Send for Copies
LERNER & CO.
10 POST OFFICE SQUARE
BOSTON 9, MASS.
Tel. HUB 1990 Teletype BS 69

"Our Reporter On Governments"

(Continued from page 1688)

with only a three-months' longer maturity, while the premium would be decreased slightly. . . . It was also pointed out that as the longer 2% issue approaches the note-maturity period of five years or less, the price advance should be sufficient to warrant it selling at levels above those presently prevailing. . . .

RESERVE RATIOS

The sharp decline in the reserve ratio has caused considerable discussion of this situation, as one of the recent studies on this subject points out. . . . The Federal Reserve Banks are required by law to maintain a reserve of not less than 40% in gold certificates against Federal Reserve notes in actual circulation and a minimum of 35% in gold certificates or other lawful money against their deposits. . . . The 35% reserve against deposits for all practical purposes may consist of currency issued by the Treasury—coins, Federal Reserve notes and Federal Reserve Bank notes. . . . The Federal Reserve Banks are holding their reserves almost entirely in gold certificates, and only a relatively small amount in Treasury currency. . . . No Federal Reserve notes or Federal Reserve Bank notes are included in the reservs. . . .

Thus, of the total reserve of $18,802,156,000 shown on Oct. 11, 1944, gold certificates, including those in the redemption fund with the Treasurer of the United States for the redemption of Federal Reserve notes, amountd to $18,560,380,000 and the balance of only $241,776,000 was "other cash," namely, Treasury currency. . . .

The amount of total reserves stated as a percentage of the combined deposits and Federal Reserve note liabilities is the reserve ratio. . . . For the week ended Oct. 11, 1944, the total reserves of the 12 Federal Reserve Banks amounted to $18,802,156,000 compared with the combined deposits of $15,486,610,000 and Federal Reserve note liabilities of $20,498,874,000, which two latter figures amount to $35,985,484,000 and resulted in a reserve ratio of 52.2%. . . .

PEARL HARBOR AND NOW

The reserve ratio has declined from 91.1% on Dec. 3, 1941, just prior to Pearl Harbor, to 52.2% for the week ended Oct. 11, 1944, a new low since our entry into the war, in fact the lowest level since March 15, 1933. . . .

It was pointed out that so long as the volume of currency in circulation continues to increase and gold holdings of the Federal Reserve banks to decrease, the reserve ratio will continue to decline. . . .

The principal reasons for the carrying of this ratio into new low levels, during the week ended Oct. 11, 1944, was the substantial increase in currency in circulation of $218,000,000 which resulted in the total of money in circulation reaching an all time high mark in the history of the Federal Reserve System of $24,099,000,000. . . . The rise in currency in circulation since this country entered the war has been nothing short of sensational, when it is considered that on Dec. 17, 1941, this figure was reported as $11,023,000,000 compared with the latest available totals of more than $24,000,000,000. . . . The $103,000,000 drop in gold certificates for the period ended Oct. 11, 1944 also was a contributing factor in this latest decline in the reserve ratio. . . .

EFFECT ON CREDIT POLICIES

This decline in the reserve ratio has raised the question as to what effect it may have on the credit policies of the Reserve authorities if the ratio should reach the statutory minimum of 40%. . . . It was pointed out that money market conditions today are vastly different than those that prevailed in 1920, when the reserve ratio reached 42% and credit restrictive measures were adopted by the Reserve authorities. . . .

What action may be taken if the ratio continues to recede could not be forecast at this time, but it was pointed out that the following measures are at the disposal of the monetary authorities, to either increase the ratio or to prevent it from going down. . . .

Some of these measures are:

(1) Monetization of the idle gold held by the Exchange Stabilization Fund and in the General Fund of the Treasury.

(2) Monetization of the silver seigniorage profit through the printing of additional silver certificates.

(3) The issue of Federal Reserve Bank notes requiring no gold cover instead of Federal Reserve notes.

The Emergency Banking Act of March 9, 1933, amended the Federal Reserve Act to provide for the issuance by the Federal Reserve Banks of Federal Reserve Bank notes against the deposit of direct United States Government obligations with the Treasurer of the United States. . . . Such notes may be issued in amount equal to the face amount of pledged Government securities. . . . This amendment is still in effect, as the President has issued no proclamation that the emergency proclaimed March 6, 1933 has terminated. . . .

(4) Lowering the reserve requirements, which would create a substantial amount of excess reserve balances, most of which would be used by the member banks to purchase Treasury bills from the Federal Reserve Banks. . . . This would reduce the deposits of the Federal Reserve Banks and thus increase the ratio. . . .

OTHER AVENUES

Several other measures are also available, it was indicated, to the monetary authorities which they could use if they should desire to prevent the ratio from decreasing further. . . . Congress could of course pass legislation relieving the Federal Reserve Banks from the obligation of maintaining a fixed ratio of gold against notes in circulation. . . .

Such a measure was actually taken in Canada when an Order in Council of May 1, 1940 released the Bank of Canada from the obligation of maintaining the required minimum gold reserve against outstanding notes and deposit liabilities. . . .

On the same date the Bank of Canada sold its gold and foreign-exchange holdings to the Foreign Exchange Control Board, and no gold or foreign-exchange reserve has been maintained since. . . .

RESERVE BANK HOLDINGS

As member banks of the System, for the week ended Oct. 11, sold government issues to maintain their Reserve positions, holdings of United States Government obligations by the twelve Federal Reserve Banks increased by nearly $356,000,000 to an all-time peak of $17,015,779,000. . . . Of the total security holdings of the twelve Federal Reserve Banks, 77% have a maturity of not longer than six months with more than 89% due in one year or less. . . . It was pointed out that the Federal Reserve Banks are in a position to counteract to a considerable extent the return flow of currency from circulation which may be quite substantial following the ending of the European phase of the war. . . .

Federal is in a position through its large holding of short maturities to allow these obligations to run off and thus counterbalance the increase in reserves that would result from a sharp return flow of currency from circulation. . . .

T. H. Wyllie With C. F. Cassell & Co.

CHARLOTTESVILLE, VA.—Thomas Hodges Wyllie, Greensboro, North Carolina, formerly a special agent of the Travelers Insurance Company, North Carolina branch, became associated with C. F. Cassell and Company, 112 Second Street, N. E., as of Oct. 2, 1944.

Mr. Wyllie attended Woodberry Forest School, University of Virginia, New York Stock Exchange Institute, and New York University. In 1936, he was associated with E. A. Pierce and Company and in 1939 with the Pacific Fire Insurance Company, joining the Travelers Companies in 1941.

Mr. Wyllie will make his residence in Charlottesville, Virginia. His activities for C. F. Cassell and Company will carry him into the various sections of Virginia, North Carolina and South Carolina.

Situations Of Interest

F. H. Koller & Co., Inc., 111 Broadway, New York City, have prepared a memoranda on Great American Industries, Laclede Christy Clay Products and Indiana Limestone which the firm believes appear attractive at current levels. Copies of these interesting circulars may be had upon request from F. H. Koller & Co.

INDEX

	Page
Bank and Insurance Stocks	1692
Broker-Dealer Personnel Items	1709
Business Man's Bookshelf	1707
Calendar of New Security Flotations	1710
Canadian Securities	1696
Municipal News And Notes	1707
Mutual Funds	1694
Our Reporter on Governments	1688
Our Reporter's Report	1701
Public Utility Securities	1686
Railroad Securities	1687
Real Estate Securities	1688
Securities Salesman's Corner (The)	1707
Tomorrow's Markets—Walter Whyte Says	1686

Eastern States Pfd.
Pressurelube, Inc.
Giant Port. Cement Arrears
Douglas Shoe Pfd.
Ill. Power Div. Arrears

W. T. BONN & CO.
120 Broadway New York 5
Telephone COrtlandt 7-0744
Bell Teletype NY 1-886

Unlisted
Public Utility, Industrial
Real Estate
Lumber & Timber
Stocks & Bonds
BOUGHT — SOLD — QUOTED
REMER, MITCHELL & REITZEL
Inc.
208 So. La Salle, Chicago
Telephone RANdolph 3736
Bell Teletype—CG 989

Macfadden Publications, Inc.
COMMON — PREFERRED
DEB. 6/68
Bought — Sold — Quoted
Descriptive Summary on Request
BRISTOL & WILLETT
ESTABLISHED 1920
Members of New York Security Dealers Association
115 BROADWAY, NEW YORK 6, N. Y.
Tel. BArclay 7-0700 Bell System Teletype NY 1-1493

Offerings Wanted
Empire Sheet & Tin Plate
6s — Com.
American Dept. Stores
4s — 6s
15 Manhattan Sq. "A"
Pacific Coast Cement
Pfd. & Com.

Hill, Thompson & Co., Inc.
Markets and Situations for Dealers
120 Broadway, New York 5
Tel. REctor 2-2020 Tele NY 1-2861

Final Edition
ESTABLISHED OVER 100 YEARS
In 2 Sections—Section 2

The Commercial and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 160 Number 4326
New York, N. Y., Thursday, October 19, 1944
Price 60 Cents a Copy

The Financial Situation

"Jobs" have become a fetish with us. No politician longer dares go on the hustings without promising "jobs" or "job opportunities" for all. Economists, or what pass for economists, begin their post-war plans with an estimate of the number of jobs that must be provided—and then proceed to formulate programs to provide them. Usually the process goes through an intermediate step, namely, that of computing the size the "national income" must take to provide the requisite jobs, and then projecting plans of action deemed necessary to raise the national income to the figure pre-determined. It is not wholly clear why it should be regarded as necessary to interject this "national income" complication into the situation, but the technique has now become standard with the post-war planners. In any event, "jobs" seem to be at the center of all popular thinking about the post-war world and about post-war plans.

A Hazardous Approach

In view of the unemployment nightmare of the thirties, it is perhaps not difficult to understand this perverted approach to the economic problems of the post-war period, but no explanation of the phenomenon can in the least reduce the danger inherent in it. Hitler used to boast that he had been able in a very short time to abolish unemployment in Germany—and he had. Of course, no one in his senses would wish to follow the example of the German dictator, but any country which sets out to order its economic affairs with the creation of "jobs" as its primary end and aim is more than likely to find itself in a most unenviable position within a relatively short period of time. **Any Government which undertakes to manage the economic activities of its people with job creation as its chief goal can be counted upon to do its people lasting if not irremediable harm.**

(Continued on page 1716)

Training For Business

Roger W. Babson Forecasts Revolution In Education

BABSON PARK, MASS.—Education is the one industry in which almost no improvement has been made during the past fifty, or, perhaps, one hundred years. It is true that better schoolhouses have been built and the teachers are being better paid. Whether or not these teachers are as well succeeding in winning the hearts and bettering the lives of their students is debatable. Certainly, the educational standards have been declining, while the educational expenses have been increasing. For instance, forty years ago the communities from which I drew employees required those who took the secretarial course to type 50 words a minute before graduating. This requirement has slowly been reduced so that today a girl can graduate from a secretarial course by doing 35 words a minute.

Roger W. Babson

Schools Miss The Point

However, employers are not so much interested in the "words per minute," which one can do, as in the "thoughts per minute." The subjects which are not being taught in school are the important subjects. As a result, most employers believe that education today is as backward as was the electrical industry, 200 years, ago, in Franklin's day, when electricity could be obtained only by flying a kite in the skies. School superintendents have yet to learn that the important things of life are the unseen and spiritual—not class recitations, written examinations and memory tests.

With a set of Encyclopedia Britannica on his desk, plus the ability to read, write and figure, the businessman has, for practical purposes, all the information available to any college graduate. The important question is whether he has those intangible assets, such as character, industry, initiative, courage and persistence. These are what our homes and schools should teach.

Statistics and Education

I have been able to get satisfactory statistics on every industry except the educational industry. Therefore, I cannot prove that the students receiving the highest marks in school do not turn out to be the most useful and successful citizens. Certainly, character, industry, initiative, courage and persistence are of infinitely more value than the ability to get high marks. In fact, I believe that

(Continued on page 1722)

New Deal Domestic And Foreign Policies Equally Chaotic: Dewey

Lists Numerous Administration Agencies Now Operating Throughout World In Charging That Nation's Representation "Is On The Brink Of Chaos." Says Need Is For Fresh And Vigorous Administration To Restore Honesty And Competence To Our National Government. Quotes Report Issued By President Roosevelt As Source Of Hershey Statement Regarding Administration's Proposal To Purposely Delay Demobilization Of Armed Forces.

Not only describing "the New Deal's record at home" as "one long chapter of failure," Governor Thomas E. Dewey of New York, Republican Presidential candidate, on Oct. 16 also criticized its policies abroad, asking "why is it that our representation in the vital areas abroad is on the brink of chaos?" In replying to his own query he said:

"The answer is the same abroad as it is at home.

Thomas E. Dewey

"In addition to the duly constituted officers of the State Department and the Army and Navy, there are now operating all over the world the following agencies of this Administration:

"The FEA, RFC, WFA, OCIAA, OSS, OWI, WSA, WRB, OAPC, OC, OWN, PWRCB, OFAR, FRC and the ACPSAHMWA.

"There are more, but I won't read the rest."

Continuing, Governor Dewey had the following to say:

"Our country has a very important role to play in the world in the years to come. We can never achieve our objectives under an Administration too tired and worn out to bring order out of its own chaos, either at home or abroad.

"This nation of ours can be an inspiration to all the world. We can be a steadying influence for freedom and for peace. But first we must have peace in our own Government. We must set our own house in order. That can never be done by a weary and worn-out Administration. It can and must be done by a fresh and vigorous Administration which will restore honesty and competence to our national Government."

Among the objectives pledged by the Republican candidate in behalf of himself and Governor Bricker, his running mate, were "an administration which will root out waste and bring order out of present chaos; an administration which will give the people of this country value received for the taxes they pay; an administration in which the Constitution is respected so that the liberties of our people shall again be secure; an administration with a conscience and a sincere devotion to broad and secure social security; an administration which will devote itself to the single-minded purpose of jobs and opportunity for all."

Governor Dewey's address, delivered in St. Louis, follows in full as reported by the Associated Press:

"Fellow Americans:

"I am happy to come to Missouri tonight to carry on the battle for honest and competent government. I am happy also to salute your distinguished Republican Governor, who, next January, will become United States Senator, Forrest C. Donnell, and your next Governor, Jean Paul Bradshaw.

"It is clear by now that the New Deal has been taken over by the combination of corrupt big city bosses, Communists and fellow travelers. The people of Missouri have shown their independence before by throwing off

(Continued on page 1718)

GENERAL CONTENTS

Editorial

Page
Financial Situation................1713

Regular Features

From Washington Ahead of the News.........................1713
Moody's Bond Prices and Yields...1723
Items About Banks and Trust Cos..1728
Trading on New York Exchanges...1726
NYSE Odd-Lot Trading..............1726
NYSE Short Interest at Sept. 29....1727

State of Trade

General Review.....................1714
Commodity Prices, Domestic Index.1725
Weekly Carloadings.................1727
Weekly Engineering Construction...1724
Paperboard Industry Statistics.....1727
Weekly Lumber Movement...........1727
Fertilizer Association Price Index...1724
Weekly Coal and Coke Output......1725
Weekly Steel Review...............1724
Moody's Daily Commodity Index....1723
Weekly Crude Oil Production.......1726
Non-Ferrous Metals Market.........1725
Weekly Electric Output.............1723
Bank Debits for September.........1723
Latest Summary of Copper Statistics..........................1724
Commercial Paper Outstanding at Sept. 29........................1726
Individuals' Liquid Savings for April-June Reported by SEC....*1674
Gross and Net RR. Earnings for May.............................*1675

*These items appeared in our issue of Oct. 16, on pages indicated.

From Washington Ahead Of The News

By CARLISLE BARGERON

Mid-October in a Presidential campaign is invariably the season of jitters. For one thing the State leaders who have not got in on the dough begin screaming that their State, heretofore considered to be in the bag, is slipping to the opposition. This adds to the general tension of those in charge of the National campaign. Costly boners have been pulled in the excitement of this stage, notably the famous Rum-Romanism and Rebellion episode; more recently, in the campaign of 1936, when many big employers put slips in the wage envelopes attacking social security.

Carlisle Bargeron

About as costly as any boner of which this writer has ever heard was that made in the 1928 campaign between Hoover and Al Smith. In the light of what happened in November, it is quite apparent that Hoover, was at no time in the campaign in the slightest bit of danger.

Yet the National headquarters, and presumably Hoover, got a bad case of jitters about this time in the campaign. The late Senator Borah was acting in his usually peculiar way. He was campaigning for Hoover, but on his own. He wouldn't let the National Committee have anything to do with his itinerary, just as is the case of Henry Wallace now.

This writer sat with him in a hotel in Lincoln, Neb., the night he got an excited call from the Republican National Chairman, Dr. Hubert Work, saying the Middle West was in a bad way and it was up to Borah to save it for Hoover.

We shall never forget the expression that came in Borah's eyes. He replied that it was impossible for him to save the Middle West unless Hoover would promise that the first thing he would do would be to call an extra session of Congress to revise the tariff "in favor of agriculture." Work said he would talk with Hoover and call back. When he did, he said Hoover had authorized him to say to Borah this would be done.

When Hoover won, the Republican Senators of the Eastern industrialist States pleaded with Hoover not to open up the tariff. Once it was opened up, they pointed out, it couldn't be confined to agricultural items. There would be pressure on them to hoist the industrial tariffs. But Borah persisted, finally making

(Continued on page 1722)

No Reason Why?

"We must expect, then, a gap between the wholesale cancellation of war contracts and the resumption, on what we hope will be a vastly expanded basis, of production for peace. How are we to bridge this gap with a minimum of hardship to returning soldiers and demobilized war workers?

"For a long time I have felt that the construction industry, if adequately stimulated, can provide a partial answer to our problem.

* * *

"The construction industry itself has little problem of reconversion. It can begin operations just as soon as materials and manpower are released from war production—provided plans for building are well prepared in advance.

"This actual, detailed, advance planning is the key to the opportunity for jobs in construction. Before any structure can be built a site or right-of-way must be acquired, legal and financial arrangements must be completed, engineering surveys must be made, working drawings prepared, specifications written and contract documents drawn up. Since these preliminaries consume a considerable amount of time it is obvious that unless they are disposed of before the war ends, whether in Europe or Asia, or both, construction cannot be begun at a time when it would be most useful as a source of jobs.

"In normal times about two-thirds of all construction is financed privately, while one-third is public work. There are no reliable statistics as to the amount of construction private business is planning. Such estimates as I have seen are not impressive. It is quite natural, I think, that private business should hesitate to make large capital commitments for the future before it has some assurance that such expenditures will prove profitable.

"But there is no reason why the various agencies of Government—Federal, State and local—should hesitate."—Major General Philip B. Fleming.

It seems to us that there is every reason why the Government should hesitate to launch upon most of the projects now being suggested.

Neutral Nations Asked By U. S. And Britain To Prevent Enemy Govts. From Retaining Loot

Neutral Nations have been asked by the Governments of the United States and Great Britain to adopt measures to prevent enemy Governments from retaining their loot under neutral protection, or finding safe haven for their wealth in neutral territories. The request, it is stated, apparently went to all neutral countries except Argentina. The following was issued at the State Department at Washington on Oct. 4:

"On Oct. 2 the Government of the United States requested the neutral governments to institute measures to prevent enemy governments and leaders and their collaborators from retaining their loot under neutral protection and from finding safe haven for their wealth in neutral territories.

"These representations were made in keeping with Resolution Six of the Bretton Woods Conference and were directed at objectives similar to those of the United Nations' declaration of Jan. 5, 1943, with respect to looted property, and the declaration of Feb. 22, 1944, concerning looted gold. Similar representations were made by the British Government.

"The problem of uncovering and disentangling enemy and looted property is one of international character which can be most effectively handled in co-operation with the neutral countries. The enemy has been taking property of occupied countries and their nationals by open looting and plundering, by forcing transfers under duress, and by subtle and complex devices.

"The enemy has often operated through the agencies of public governments to give the cloak of legality to his robbery. The enemy has also been attempting to conceal his assets by passing the chain of ownership and control through occupied and neutral countries.

"In anticipation of impending defeat the enemy is increasing these activities in order to salvage his assets and to perpetuate his economic influence abroad, and his power and ability to plan future aggrandizement and world domination.

"This Government, in presenting its note to the neutrals, indicated that it considered co-operation in this matter to be of 'primary importance to the welfare of occupied nations and to the protection of the lives and property of their nationals and to the peace and security of the post-war world.'"

Returning Veterans Urged To Keep Nat'l Service Life Insurance

Veterans returning from World War II will be urged by 208 savings banks in New York, Massachusetts and Connecticut to retain their National Service Life Insurance, it was announced on Oct. 9 at the Tri-State Savings Bank Life Insurance Conference being held at the Westchester Country Club in Rye, New York. It was reported that the life insurance departments of the savings banks are already receiving many inquiries by veterans for advice and information in regard to their National Service Life Insurance.

After discussion at the conference, it was agreed that the savings banks should not only support the program of the Veterans' Administration to encourage servicemen to retain their National Service Life Insurance, but that the savings banks should also make the services of their life insurance departments available. without charge, to all veterans with respect to advice and information on their life insurance problems.

Plans are being made to provide the staffs of the life insurance departments of the savings banks with complete information on National Service Life Insurance in anticipation of the increasing requests for information by veterans turning to civilian life.

Calder Elected To NPA Business Com.

Beardsley Ruml, Chairman of the Business Committee on National Policy of the National Planning Association, on Oct. 10 announced the Committee's election of three new members and a committee counsel. The new members are Harold Boeschenstein of Toledo, Ohio, President of the Owens-Corning Fiberglas Corp.; Alexander Calder, of New York City, President of the Union Bag & Paper Corp., and Vernon B. Stouffer of Cleveland, Ohio, President of the Stouffer Corp. Harry J. Rudick of Lord, Day & Lord, New York City, is the newly elected counsel to the Business Committee.

NPA's Business Committee, which recently issued its Report on Corporate Income Taxes during the Transition Period and the so-called "Ruml-Sonne" proposals for post-war taxation and fiscal policy, is currently studying other national problems calling for analysis and policy-making. It is one of three committees by which NPA is serving as an independent common meeting ground for widening areas of agreement on future national policies among leaders of the nation's chief economic groups. The other two committees are the Labor and Agriculture Committees.

Urges N. Y. Savings Banks Seek Extension Of $3,000 Insurance Policy Limit

New York savings banks were urged to seek an extension of the present $3,000 limitation as to the maximum amount of insurance which may be written on the lives of Savings Bank Life Insurance policyholders in New York State by Henry W. Proffitt, President of the New Savings Banks Life Insurance Fund, speaking at the Tri-State Conference on Savings Bank Life Insurance held at the Westchester Country Club at Rye, N. Y.

"With our present base of insurance," said Mr. Proffitt, "we can safely write policies of $10,000." "There is a substantial demand and need for them," he said, and he added:

"These facts, alone, make it our duty to ask for an amendment to our statute permitting the issuing of substantially larger policies than we are now allowed to write. The increase in the number of persons that we could serve, if our present limitation is extended, is, however, in my opinion, secondary to the fact that by increasing the average size policy, we will be able to provide even lower cost insurance to buyers of small policies."

Mr. Proffitt stated that judging from figures of the Savings Bank Life Insurance System in Massachusetts, where there is no statutory limitation, an increase in the New York limit to $10,000 would make it possible, provided that the present compulsory reinsurance provision of the New York law is eliminated, to increase dividends on Savings Bank Life Insurance policies by over 10%.

The State Of Trade

Action on the Little Steel formula by the War Labor Board on Wednesday of last week reached the point where the board by a vote of 8 to 4 decided to pass the controversy on to President Roosevelt without recommendation of any kind. Reaction to this procedure by the minority of labor members was one of severe criticism of the public and the industry members of the board. The A. F. of L.-C.I.O. group also voiced its displeasure by stating that it was "an inexcusable dereliction of duty" on the part of the board.

The board's action does not, however, mean that the case will be submitted to the President immediately, since the report is not fully completed and has yet to be passed upon by the board itself. Following this, it will be transmitted to Fred M. Vinson, Stabilization Director, for further scrutiny and possibly some time after the election will reach the President's desk.

In a resolution adopted by the board covering its position on the Little Steel formula and other phases of wage stabilization, it stated in part that "The board will submit to the President through the Economic Stabilization Director, a report setting forth pertinent data regarding the relationship of wages to the cost of living, and an appraisal of the nature and extent of alleged inequities created by the changes which have occurred.

"The board is not sufficiently informed as to the possible effects of a modification of the Little Steel formula on the price structure and on the national economy generally to warrant assurance that any modification could be made 'consistent with the stabilization needs of the country and with the provisions of the Act of Oct. 2, 1942' (as renewed by the Economic Stabilization Renewal Act of June 30, 1944). The board will therefore not include in its factual report to the President any recommendations for action one way or the other with regard to the Little Steel formula."

The formula as previously noted in this column limits wage increases to 15% of the January, 1941, level to compensate for increased living costs. According to official and labor indices, living costs have risen beyond the 15% limitation on wages.

Not so long ago, the President in a conference with his labor advisory committee of AFL and CIO leaders, left with some of them at least the conviction that wage ceilings will not be disturbed before the November election and agreed, it was reported, that the formula will have to be revised or eliminated eventually, but did not indicate when such a step would be taken.

At this point it is also fitting to harken back to June 30 of this year, at the time the President was signing the bill extending the Price Control Act for another year, he observed, "For more than two years, under the emergency price control and stabilization acts, we have been fighting inflation and fighting it successfully. . . . For a whole year the cost of living has been held without change. . . . The Stabilization Extension Act represents the considered judgment of the Congress that the policies and the programs which have resulted in this achievement are sound policies and sound programs and should be continued for another year."

In view of the President's previous position on this question the President's future course in this matter is not readily apparent and must await his decision.

New Capital Flotations In September — September financing broke all monthly records for corporate emissions since June, 1937 with the railroads in the vanguard for the second month in succession. The month's total of $429,924,540 compared with $246,180.985 for August and $431,501,646 for June, 1937, the previous monthly high. In a breakdown of September's total, only $28,707,720 or 6.6% represented new money, while $401,216,820 or 93.4% was sought for refunding of existing obligations. Activity in September was stimulated by a desire for corporations to take advantage of the opportunity to reduce interest charges by refunding securities into lower interest-bearing obligations, and also to the fact that underwriters and issuers are cooperating in an effort to complete as much of this type of financing as is possible before the opening of the Sixth War Loan Drive, which is scheduled to start on Nov. 20, next. The goal will be $14,000,000,000, of which $5,000,000,000 is to come from sales to individuals and $9,000,000,000 to other non-bank investors. The drive will end on Dec. 16.

U. S. Debt, Income Payments and Dividends — Interest charges on the national debt now approximate $4,033,000,000 annually with the public debt at the end of August totaling $209,764,000,000. This is at an annual rate of interest of 1.923%.

Per capita money in circulation in the United States amounted to $171.97 on Sept. 30, last, the highest in history and an increase of $3.30 from the end of August. This was an increase of $34.30 since Sept. 30, 1943. Per capita circulation was based on a population of 138,359,000 compared with 138,240,000 on Aug. 31.

Increases in agricultural income and military payments were responsible for a rise in the Commerce Department's index of total income payments in August to a record high of 234.6, against 232.2 in July and 215.2 in August last year. Actual income payments to individuals in August amounted to $12,661,000,000, off slightly from that of the preceding month as a result of seasonal influences and the usual July-August decline in dividend and interest payments. However, payments for the first eight months were $101,252,000,000 or 11% above those of the corresponding period last year.

Cash dividends publicly reported were 7% higher in September than for the same month a year ago, totaling $372,300,000. The total for the first nine months stood at $2,486,300,000, or an increase of 3.5% above those reported in the like period of last year.

Argentine Exports to U. S.— Exports from Argentina to the United States in the first six months of 1944 increased 38.7% from the like 1943 period. The total for the January-June period this year was 373,431 tons, against 269,239 tons in the first six months of 1943, as reported by the Corporacion para la Promocion del Intercambio, S.A. and made public in a bulletin of the Argentina-American Chamber of Commerce, Inc.

Steel Industry — Summarizing the salient features of the steel market the past week, the "Iron Age," states:

"The breakneck pace in steel ordering has subsided, steel output is heavier, the scrap market for the first time in weeks is static, reduction of backlogs has been accelerated and shipments this week are somewhat ahead of the volume of fresh steel business. Thus does October, a month of mixed trends, reflect a continuation, with more overtones, of the transition stage from heavy war production to probable civilian output."

The advance in steel ingot output this week and a concurrent drop in orders has caused practically all mills some anxiety over their ability to set up economic rolling mill schedules in the last

(Continued on page 1721)

Roosevelt Tells Latin-American Groups That Community Of Good Nations Must Endure

Says In Columbus Day Address United Nations Charter Must Be Adaptable To Social, Economic And Political Changes Throughout World

In a Columbus Day address delivered at the White House before diplomatic misisons of 19 other American Republics (except Argentina) on Oct. 12, President Roosevelt stated that "it is our objective to establish the solid foundations of the peace organization without further delay, and without even waiting for the end of hostilities." These remarks by the President were preceded by the statement by him that "I know that Secretary Hull and Under-Secretary Stettinius, who led the United States delegation at Dumbarton Oaks, are looking forward to further exchanges of views with our good neighbors before the meeting of the general conference to establish the world organization." He added that "we must press forward to bring into existence this world organization to maintain peace and security. There is no time to lose."

The President likewise said that "like the Constitution of the United States itself—and of many other Republics—the Charter of the United Nations must not be static and inflexible, but must be adaptable to the changing conditions of progress, social, economic and political—all over the world."

Observing that the peoples of the American Republics are joining in paying tribute to the courage and vision of Christopher Columbus the President stated that "if the spirit of Columbus hovers over his native land today, we can be sure that he rejoices in the varied nature of the Allied voices. For he was one of the truly great internationalists of all times."

The President's speech was broadcast from Washington; in full it follows as recorded and transcribed by the New York "Times":

Today is the birthday of the New World — the peoples of the American Republics are joining in paying tribute to the courage and vision of Christopher Columbus, whose name we honor and whose adventurous spirit we perpetuate.

The survival of that spirit is more important than ever, at this time when we are fighting a World War, and when we are building the solid durable foundations for future world peace.

The little fleet with which Columbus first crossed the ocean took ten weeks for the voyage, and the crews of those three ships totaled approximately 90 men.

Today, every day—many times that number of men and many tons of cargo that are carried across the ocean by air—they go across in a few hours. And by sea transport an entire division of some 15,000 men can be sent across the Atlantic in one ship in one week.

When we remember the rapid development of aviation since the last war we can look ahead to the coming years, and know that all the airways across all the seas are going to be constant lines of communication and commerce.

Thus the margin between the Old World and the New World—as we have been used to calling the hemispheres — becomes constantly narrower. This means that if we do not now take effective measures to prevent another World War and if there were to be a third World War, the lands of the Western Hemisphere would be as vulnerable to attack from Europe and Asia as were the island of Crete and the Philippine Islands five years ago.

It is a significant fact today that in Italy—the homeland of Christopher Columbus—forces from many parts of this hemisphere, and from many distant parts of the civilized world, are fighting for freedom against the German and Japanese threat of medieval tyranny.

Serving in the Allied armies in Italy are men from 48 United States, from the kingdom of Britain and the republic of France. But we must remember, and this is the first anniversary of which we can say it, there are also strong, well-trained, well-equipped forces from Brazil; there are units from Puerto Rico; there are Greeks, there are Poles who distinguished themselves in bitter fighting at Cassino and Ancona and Rimini; there are gallant men from Canada and Ireland, New Zealand and South Africa; there are combat teams composed of Americans of Japanese ancestry who came from Hawaii — all providing an effective answer to the false Nazi claims of "Nordic superiority."

And there are also Italians themselves, fighting bravely for the liberation of their country. They are fighting in the Allied armies and they are fighting in the underground forces behind the German lines.

If the spirit of Columbus hovers over his native land today, we can be sure that he rejoices in the varied nature of the Allied forces. For he was one of the truly great internationalists of his day.

During the past century many millions of Italians have come to the Western Hemisphere seeking freedom and opportunity. In Italy there is hardly a town or a village that does not contain families who have blood ties with the New World. This is one of the many reasons why the forces of liberation have been welcomed so cordially by the Italian people after 22 years of Fascism.

The Fascists and the Nazis sought to deceive and to divide the American Republics. They tried not only through propaganda from across the seas but also through agents, spies and fifth columnists operating all over the Western Hemisphere. But we know that they failed. The American Republics were not deceived by their protestations of peace and friendship; they were not intimidated by their threats.

The people of the United States will never forget how the other American Republics, acting in accord with their pledges of solidarity, rallied to our common defense when the continent was violated by Axis treachery in an attack on this country. At that time Axis armies were still unchecked, and even the stark threat of an invasion from Dakar hung over their heads.

We have maintained the solidarity of the governments of all the American Republics — except one. And the people of all the republics, I said without exception, will have the opportunity to share in the achievement of the common victory.

The bonds that unite the American Republics into a community of good neighbors must remain strong. We have not labored long and faithfully to build in this New World a system of international security and cooperation, merely to let it be dissipated in any period of post-war indifference.

Within the framework of the organization, this new world organization, we have heard so much of lately, this world organization of the United Nations which the governments and the people of the American Republics are helping to establish, the inter-American system can and must play a strong and vital role.

Secretary Hull has told me of the conversations he has had with representatives of our sister republics concerning the formation of a world security organization. We have received important and valuable expressions of opinions and views from many of these governments. And I know that Secretary Hull and Under-Secretary Stettinius, who led the United States delegation at Dumbarton Oaks, are looking forward to further exchanges of views with our good neighbors before the meeting of the general conference to establish the world organization.

We must press forward to bring into existence this organzaition to maintain peace and security. There is no time to lose, and this time I think it's going to work.

It is our objective to establish the solid foundations of the peace organization without further delay, without even waiting for the end of hostilities. There must, of course, be time for discussion by all the peace-loving nations—large and small. We know that substantial progress already has been made, and it must be continued as rapidly as possible.

Like the Constitution of the United States and of many other republics, the Charter of the Untied Nations must not be static and inflexible, but must be adaptable to the changing conditions of progress—social and economic and political—all over the world.

So in approaching great problems of the future — the future which we shall share in common with all the free peoples of this earth—we shall do well to remember that we are the inheritors of the tradition of Christopher Columbus, the navigator who ventured across uncharted seas.

I remember that when Christopher Columbus was about to set forth in the summer of 1492 he put at the beginning of his log book the following words:

"Above all it is very important that I forget sleep and that I labor much at navigation because it is necessary."

We shall require, all of us, the same determination, the same devotion, as we steer our course through the great age of exploration, the age of discovery that lies before us.

French Govt. Bonds Called For Redemption

J. P. Morgan & Co., Inc., as sinking fund administrators, are notifying holders of the Government of the French Republic External Loan of 1924 25-Year Sinking Fund 7% Gold Bonds due Dec. 1, 1949, issued under loan contract dated Nov. 22, 1924, that $3,990,000 principal amount of these bonds have been drawn by lot for redemption on Dec. 1, 1944, at 105%. The drawn bonds will be redeemed and paid on and after the redemption date, in United States dollars, at the office of the sinking fund administrators, 23 Wall Street, New York City, subject to the issuance of licenses under Executive Order No. 8389, as amended, permitting the disbursement of funds for the purpose, upon presentation and surrender of the bonds and all appurtenant coupons maturing after the redemption date. Interest will cease on the drawn bonds after Dec. 1, 1944. The announcement also says:

"Decrees of the French Government dated July 16, 1935 and Aug. 25, 1937, require certain deductions in paying the bonds and coupons as follows: (a) Bonds which are stamped to indicate non-French beneficial ownership will be redeemed at 105% without deduction, and coupons similarly stamped will be paid at the face amount without deduction; (b) Bonds which are stamped to indicate French ownership, and unstamped bonds, are subject to a deduction of 10% of the difference between the issue price and the redemption price (a deduction of 1.1% of the principal amount), when in the ownership, French or foreign, of others than individuals. Coupons which are stamped to indicate French ownership, and unstamped coupons, are subject to a deduction of 10% of the face amount, when in the ownership, French or foreign, of others than individuals."

Stettinius Reports On Dumbarton Oaks Conferences On International Security

Reporting to Secretary of State Hull on the results of the Dumbarton Oaks conferences for an International Security Organization, Under Secretary Stettinius, Chairman of the United State's delegation to the conference held between representatives of the United States, Great Britain and China stated that "the conversations throughout were characterized by a spirit of complete cooperation and great cordiality among all participants, the proof of which is evident in the wide area of agreement covered in the proposals." "The few questions which remain for further consideration, though important," he added, "are not in any sense insuperable," and he recommended "that the necessary steps for obtaining agreement on these points be taken as soon as possible."

The text of the Dumbarton Oaks tentative proposals was given in our Oct. 12 issue, page 1611; and reference to the conclusion of the Chinese phase of the conference appeared on page 1605.

In full the report of Mr. Stettinius to Secretary Hull, made public along with the text of the proposals, as given in Associated Press Washington advices Oct. 9, follows:

I take great pleasure in submitting to you the results of the exploratory conversations on international organization held in Washington between representatives of the governments of the United States, the United Kingdom, the Soviet Union and China. The first phase of the conversations, between the representatives of the United States, the United Kingdom and the Soviet Union, took place from Aug. 21 to Sept. 28; the second phase, between representatives of the United States, the United Kingdom and China, were held from Sept. 29 to Oct. 7. The results of the work accomplished in both phases are embodied in the attached proposals which each of the four delegations is transmitting to its respective government as the unanimously agreed recommendations of the four delegations.

I am happy to report that the conversations throughout were characterized by a spirit of complete co-operation and great cordiality among all participants, the proof of which is evident in the wide area of agreement covered in the proposals. The few questions which remain for further consideration, though important, are not in any sense insuperable, and I recommend that the necessary steps for obtaining agreement on these points be taken as soon as possible.

It is proper to emphasize, at the conclusion of these preliminary conversations, that the proposals as they are now submitted to the four governments comprise substantial contributions from each of the delegations. It is my own view, which I believe is shared by all the participants, that the agreed proposals constitute an advance over the tentative and preliminary proposals presented by each delegation. This has resulted from a single-minded effort of all the delegations at Dumbarton Oaks to reach a common understanding as to the most effective international organization capable of fulfilling the hopes of all peoples everywhere.

I wish to take this opportunity to express my grateful recognition of the contribution to the successful outcome of these conversations made by the members of the American delegation and to commend the advisers and the staff for their most helpful assistance. Above all, I wish to express my profound appreciation to the President and to you, Mr. Secretary, for the constant advice and guidance, without which our work could not have been accomplished with such constructive and satisfactory results.

FD Says Poland Must Be Recast As Great Nation

To a delegation which claimed to represent 6,000,000 Americans of Polish descent, President Roosevelt on Oct. 11 made the statement that "it is very important that the new Poland be one of the bulwarks of the structure upon which we hope to build a permanent peace." The President also told the group that "you and I are all agreed that Poland must be reconstituted as a great Nation."

According to advices from Washington by C. P. Trussell to the New York "Times" the President's statement was made in a 45-minute conference at which the delegation — the Memorial Committee of the Polish-American Congress held at Buffalo last May — presented a memorial of urgent appeal for reassurances. The statement of the President follows:

I am glad of the opportunity I have had to talk about the present position of Poland in the war and about the future of Poland. You and I are all agreed that Poland must be reconstituted as a great nation. There can be no question about that.

Of course, we should all bear in mind that nobody here has accurate information about everything that is going on in Poland. Even I, as President of the United States, with access to all of the information which is available, am not fully informed of the whole story. As an example, I still do not know all the facts about the recent events in Warsaw. As new information comes every day, we will get a clearer picture about the whole situation.

The broad objective which we all seek is excellent. I am certain that world opinion is going to back up that objective—not only to reconstitute Poland as a strong nation, but also as representative and peace-loving nation. I wish to stress the latter. It is very important that the new Poland be one of the bulwarks of the structure upon which we hope to build a permanent peace.

From the same advices to the "Times" we quote:

This meeting with the President was held on Pulaski Day as the exiled Polish Government's Ministry of Information announced in London that Premier Stanislaw Mikolajczyk had been invited to join the conferences now in progress between Prime Minister Churchill and Premier Stalin in Moscow. The invitation issued to Mr. Mikolajczyk and Foreign Minister Tadeusz Romer, dispatches emphasized, appeared to confirm the belief that the protracted Russian-Polish dispute was a principal cause of the visit of Mr. Churchill and Foreign Secretary Anthony Eden to Moscow and that efforts were under way to compose a potential rift in Allied relations.

Charles Rozmarek of Chicago, President of the Polish-American Congress, headed the White House delegation today and was its spokesman.

The memorial presented the President was a condensation of resolutions adopted in May at the Polish-American Congress.

The Financial Situation

(Continued from first page)

Economic well-being is measured not by the amount of work that must be done, or is being done, but by the production and equitable distribution of goods and services found by the body public to be good and useful. Generally speaking, that people is the best off who are able to produce the most desired goods and services for the least expenditure of human energy—that is, work. Nothing would be easier than to double or treble the man hours of work done without increasing the output of goods and services one iota. By doing so many "jobs" would be created, and technically the aims of most post-war planners would be reached, but no one would be better off—except possibly at the expense of someone else. The only possible way to enable every one to have more of the good things of life is to produce more of them. If more, many more, can be produced without increasing man hours of labor, so much the better. It would then be quite possible, assuming that more man hours of labor are available, to increase still further the quantity of goods and services the rank and file have at their disposal.

Popular Notions

If it be retorted that what is demanded for the post-war years is the opportunity (for the rank and file) to produce and to have more of the good things of life—that the creation of "jobs" or "job opportunity" is but another way of expressing this idea—the obvious reply is that the desired end is much less likely to be reached if the task is approached from the wrong direction. The disadvantage of such an approach is severalfold. It may well be doubted if the rank and file of the people understand current demands to mean any such thing. Most of them doubtless do not trouble to pursue the thought further than to demand that they be provided a "job" with regular pay days. The time serving politician is certainly not likely to go very much further than the voters in analyzing what is being done and what is desired.

How better could the stage be set for "make work" programs of all sorts? It is astonishing how many who really ought to know better are today talking about the "necessity" of providing "jobs" for a great many more men and women that ever were regular members of the working force prior to our entry into this war—the "necessity" of "private industry" providing these jobs under pain of having the Government do so in the event of failure on the part of private enterprise to do so. It is still more astonishing to find, not one but a great many economists and others who should be furnishing light to the rank and file begin with this premise and proceed to figure the national income required, and even in some instances undertake, at least in a rough way, to apportion the amount of income which must be produced by the various sections of industry and the number of jobs which must be provided in the post-war world—and go up and down the country predicting dire things if industry as a whole fails to do as is thus expected of it. It is incredible that in all this almost nothing is heard about the value of the goods to be produced. Production appears to be regarded as the means by which "jobs" are to be created.

Job Creation

One can find no better way of insuring failure of all such plans than this type of approach. "Job opportunities"—if they are something more than a dole called by another name—are created not by the Government, not by the politicians, not even by the employers, but by the great rank and file themselves! The sooner that simple fact is generally understood and fully appreciated the sooner shall we get started on the road to better things, economically speaking. The great rank and file create their own job opportunities, or they kill them off, whether they know it or not, while about their daily tasks and when they go to the polls on election day.

"Job opportunities" arise when business opportunities occur. Business opportunities occur, other factors favorable, when labor is available, ready and willing to do a good day's work without unreasonable and burdensome restrictions for a reasonable day's pay, and when the dead hand of government in the person of the tax collector or in the form of needlessly restrictive regulation is not present or does not threaten. Another prerequisite is the absence of ruinous government competition, and the absence of positive threats of such competition. These things, and others like them, are obviously matters under the control not of "big business" or any other kind of business, or, in the long run, of the politician, but of the rank and file of the people themselves. Let them see to it—and they alone can see to it—that conditions are suitable and they need not worry further about such unemployment as they, or many of them, experience in the late thirties.

And there is no other approach that is at all likely to succeed. Certainly the constantly reiterated threat about what Government "must" do in the event of failure on the part of business to provide full employment does not help at all. It is the height of absurdity to suppose that business can be stimulated and persuaded to provide more "jobs" under the threat of having its own living taken away from it. **What is needed today—and what is woefully lacking today—is a serious effort on the part of men of influence to determine fairly and intelligently precisely what in the way of government policy, public programs, labor practices, business abuses, and what not is likely to prove a substantial deterrent to business when the war is over, and to tell the people frankly of their findings—and do what may be necessary to persuade the rank and file to support corrective measures.**

THEN FORGET ABOUT "JOBS" THEY'LL BE THERE!

Johnston Of US Chamber Looks Forward To Day When Management, Labor Can Settle Problems

Eric A. Johnston, President of the Chamber of Commerce of the United States, in a statement on Oct. 2 before the National War Labor Board, holding hearings on wage stabilization policy, had the following to say:

"You will be greatly relieved to know that I shall not make a lengthy statement on our national wage stabilization policy. I do not want to add to the mountain of facts and figures already before you. I am neither an economist nor a statistician. I am a business man. I, therefore, want to hold my statement to broad fundamentals.

"Business accepts wartime controls as necessary to win the war. Labor, also, has accepted these wartime controls. I look forward hopefully to the day when management and labor, without Government intervention, again can manage their own affairs.

"Let me state a simple outline of my philosophy on prices, wages and production. I know that large volume, high wages and low unit costs have given us the best standard of living in the world. We must make every effort to preserve this pattern of progress.

"I believe in high wages for the American worker. Why? Because the American worker is the best producer in the world. A Bolivian tin miner getting 70 cents a day may be overpaid when compared with an American miner getting 10 times as much. It isn't so much what you pay a man; it is what he produces.

"Management, too, contributes to high production by its ingenuity and by the heavy investments in the most modern equipment.

"Together, the American team of management and labor produce more and distribute the fruits of their joint labors more equitably than anywhere else in the world.

"Let's admit the facts, and see where we go from there. The war has brought increased profits for business and increased income for the worker. But lets remember that we are borrowing against the future, and that as a nation we will have to pay in the future. The thing that I want to emphasize is that we cannot afford to place too great a burden on future generations.

"I am fully conscious of the fears that are now uppermost in the minds of the American worker. First, he is worried over the prospects of a shrinking pay envelope as reconversion brings cutbacks and a reduction in working hours. Next, he is worried about having a job after the war.

"American business men, too, are facing reconversion headaches. At the same time, they are not unmindful of the workers' fears, for they know that the fortunes of both are inextricably linked, and that management and labor go forward or slip backward together. For my part, I shall oppose wholesale wage-rate reductions after the war. On the contrary, I shall advocate progressive wage increases as improved methods permit increased production.

"What we must avoid is both inflation and deflation.

"That is why I come before the Board today to advocate holding the line on our wartime wage and price policies. Anything that causes inflation now inevitably will bring in its wake deflation later on. After the last war we had inflation, followed by deflation. We must avoid that mistake this time.

"I am anxious to see our stabilization policy continued for the rest of the war. If it is allowed to fail we lose the only anchor that we have against a spiral of rising costs and prices. Inflation can bring permanent benefits to no one. As has been pointed out many times, by increasing the cost of what the Government buys for war, inflation increases the national debt, already threatening to grow to unmanageable proportions.

"What causes inflation? Reduced to the simplest terms of an ordinary business man's language, it can come about in one or two ways—people either lose confidence in their currency, or currency and bank deposits increase more rapidly than goods. Perhaps no economist will agree that this definition is adequate.

"Today the American people have confidence in their currency. But today our purchasing power is greater than the supply of goods. The black market is an expression of that fact.

"Every country faces the dangers of wartime inflation. Some countries are controlling it. Others are not. In China inflation has produced a demoralizing effect on public morale.

"In Russia inflation finds outlet in legalized unrationed markets, owned and operated by the Government, which take the place of black markets in other countries. The basic necessities of life are rationed at moderate price by the Government in its regular stores. But if a Russian wants to buy in a legalized, unrationed store, he pays fabulous prices. For instance, a pound of sugar in an unrationed store costs 400 rubles, which is about half a month's wages for the average worker.

"With our high productive capacity, there is no danger of such extremes here. But if we lift the lid, we may, step by step, produce inflationary results which this Board and all the American people will live to rue.

"Your Board has been deluged with arguments and counterarguments as to whether prices have outdistanced wages. I shall not labor the point. In all fairness, it must be said that we have done a creditable job of holding the line. True, there have been breaches but the over-all job is one to be commended. I hope that we shall continue to resist further breaches.

"We are living in an abnormal economy, with some half of our production going to war. In normal times national income and production for civilian use form a rough balance. Today there's a pressure of about two dollars against every dollar's worth of available civilian goods. Inevitably, if we don't hold the line now, we are still further widening the disparity between the supply of goods and available purchasing power.

"The problem, gentlemen, is to decide whether we dare increase that pressure. Can we risk it at a time when we are beginning to revise our estimates as to the time the war will end? Can we risk it as we survey the problems ahead of us when the war is over?

"Aside from the dangers of inflation, there are other factors. What about the post-war picture? If hourly rates are increased now, to offset in advance decreased weekly earnings which will come when war work slackens, the higher costs would be immediately imposed on consumer industries that will seek to expand employment as soon as materials are available. That would put a handicap upon industries on which we must rely to increase employment and consumer goods. Can we afford such a handicap at a time when employment is our goal?

"Again, wage increases imposed now would come at a time when post-war production costs are a complete mystery. After the war there unquestionably will be great pressure for increased wage rates to compensate for the loss in the weekly take-home due to overtime war work. Most firms will want to increase hourly rates after the war if production and other factors justify it. All real wages are paid out of production.

"I wish to repeat for emphasis what I said at the beginning. After the war the problems of management and labor will be greater than ever before. We will not settle these problems without a genuine desire for cooperation between management and labor. Government cannot impose a satisfactory settlement of differences. Surely there is enough statesmanship in the ranks of management and labor to work out their difficulties. Both management and labor must learn to settle their problems around the conference table, and not run to government, or government will run us both.

"After the war we in America can have industrial peace or industrial conflict. The first will bring us new levels of prosperity for the average man and create a larger middle class society. The second will retard our economic advancement and weaken our entire democratic fabric.

"You members of this Board have a grave responsibility. You have a hard decision to make. But I know that you are striving to make it honestly and fairly and in the best interests of all the people. I hope that whatever decision you make in this case you will be able to look back 10 years from now as being made in the national interest. That is statesmanship!"

Boston Stock Exchange Celebrates 110 Years

On Oct. 13 the Boston Stock Exchange celebrated its 110th anniversary. In the Boston "Herald" of Oct. 13 it was stated:

"The Exchange was founded in 1834 by a group of 13 men and has held sessions continuously since then, with the exceptions of the period of five months after the beginning of the First World War when all stock exchanges were closed from August to December, and during the brief period of the banking holiday in March, 1933.

"The Exchange began operating with one room, in a small building on State Street, and has remained in that central location ever since. Today the Exchange has offices on the first and second floors of 53 State Street and one of the most thoroughly equipped trading floors in the country.

"Three years ago the Exchange was the first of the larger bodies of its kind to admit incorporated securities firms to membership and now has seven such members."

Net Operating Earnings Of National Banks For Six Months Ended June 30 $182,229,000

Comptroller of the Currency Preston Delano announced on Oct. 5 that the national banks in the United States and possessions reported net operating earnings of $182,229,000 for the six months ended June 30, 1944, an increase of $25,102,000 over the first half of 1943. Adding, to the net operating earnings, profits on securities sold of $34,489,000 and recoveries on loans and investments, etc., previously charged off of $71,921,000, and deducting therefrom losses and depreciation of $80,857,000, the net profits before dividends for the six months ended June 30, 1944, he stated, amounted to $207,782,000, which at an annual rate amounts to 10.11% of capital funds. This figure of net profits before dividends was $50,344,000 more than the amount reported for the six months ended June 30, 1943. The Comptroller in his announcement also said:

"The principal items of operating earnings in the six month period ended June 30, 1944, were $177,656,000 from interest and discount on loans, a decrease of $5,338,000 under the corresponding period in 1943; and $300,055,000 from interest and dividends on bonds and securities, an increase of $67,970,000. The principal operating expenses were $162,877,000 for salaries and wages of officers and employees and fees paid to directors; $46,161,000 expended in the form of interest on time and savings deposits; and $84,835,000 for taxes, including income taxes. Gross earnings of $582,274,000 were reported for this six month period. This represents an increase of $77,016,000 over the gross earnings for the first six months of 1943. Operating expenses were $400,045,000 as against $348,131,000 for the first half of 1943.

"Cash dividends declared on common and preferred stock totaled $68,983,000, in comparison with $65,034,000 in the first half of 1943. The annual rate of cash dividends was 3.36% of capital funds.

"On June 30, 1944 there were 5,042 national banks in operation as compared to 5,066 in 1943."

Anglo-Belgian Financial Pact Signed

The signing of an Anglo-Belgian financial agreement which the Belgian Minister of Finance said he "hoped" would prove preliminary to an economic understanding was announced by John MacCormac in London advices to the New York "Times," Oct. 5. Stating that it will be followed shortly by a similar Anglo-Dutch agreement the advices also had the following to say in part.

"The agreement confirms the existing rate of 176.625 Belgian francs to the pound, provides that it shall not be varied without consultation and stipulates that to support it Britain and Belgium will be prepared to sell up to £5,000,000 of sterling or 800,000,000 francs to each other, as the case may be.

"Sterling held by residents of the Belgian monetary area that includes Luxembourg and the Belgian Congo can be used for expenditure in the whole sterling area and, as opportunity offers, Britain will seek, with the consent of other interested parties, to make sterling usable for payments outside the sterling area.

"It is provided that if the contracting governments adhere to a general monetary agreement such as outlined at Bretton Woods, the present agreement can be reviewed to make any required amendment.

"Camille Gutt, the Belgian Finance Minister, said at a press conference today that the agreement did not conflict with Bretton Woods in letter or spirit. It is not intended to cover transfers of capital or big relief expenditures but only momentary disequilibrium in the balance of normal trade. It may be terminated by either country on three months' notice and will expire in three years unless renewed.

"'This is only a beginning,' said M. Gutt. 'I hope it will prove to be the prelude to an economic agreement, but is not so yet, as the economic field is only indirectly touched.'

"The Minister said that Belgium had also been negotiating with France and did not deny that all these negotiations might lead to a West European financial bloc that could later be fitted into a general understanding. For the moment, he said, no similar agreement with the United States was contemplated.

"The Anglo-Belgian exchange rate now to be stabilized has been in effect for Belgium since Sept. 5 and for the Belgian Congo long before that. As one result of the agreement the Belgian Congo will depart from the sterling bloc."

FDR Says Italy Soon Be Restored To "Proud Place Among Nations"

In an address accepting on Columbus Day the Four Freedoms Award presented to him by the Italian-American Labor Council, President Roosevelt told the gathering at their dinner at the Hotel Commodore, New York on Oct. 12 that "the United Nations are determined that every possible measure be taken to aid the Italian people directly, and to give them an opportunity to help themselves." "When the military objective is accomplished," said the President, "the Italian people will be free to work out their own destiny, under a Government of their own choosing."

The address was delivered by the President from Washington by telephone, and the award was accepted in behalf of the Chief Executive by Attorney General Francis M. Biddle who, according to the Associated Press said that "one day soon—sooner than most Italians dare hope—Italy will be restored to her proud place among nations."

In concluding his remarks the President declared that "to the people of Italy we have pledged our help—and we will keep the faith." From the New York "Times" we quote the President's address as follows:

"For over 20 years we in America have watched with anxious eyes the steps taken by the Fascist gangsters to enslave the Italian people. The Italian people were thrown into an alliance they detested. They were ordered against their will, to fight on the side of their traditional enemies against their traditional friends.

"Mussolini, the would-be Caesar, underestimated the will of his people. Large numbers of them were brave enough to rally to our ranks. As part of the Allied armies, and behind the German lines, they have carried on our common fight for liberty.

"The American Army—including thousands of Americans of Italian descent—entered Italy not as conquerors but as liberators. Their objective is military, not political. When that military objective is accomplished — and much of it has not yet been accomplished — the Italian people will be free to work out their own destiny under a government of their own choosing.

"The act of the Attorney General, removing the status of enemy alien from Italians, has been justified by their corresponding effort to help us wage war.

"Of course, the people of Italy have suffered terribly and it will not be humanly possible this winter to take wholly adequate measures to relieve all suffering until Germany has been finally and decisively defeated. But the United Nations are determined that every possible measure be taken to aid the Italian people directly, and to give them an opportunity to help themselves.

"The civilian administration has been fully discussed by me with the British Prime Minister. The British Government is agreed that as the problem is great—so also is our responsibility to help.

"The mails have been opened for letters to the liberated provinces. Facilities are now available for small remittances of funds from this country to individuals in Italy for their individual support. Shipments of food and clothing have been delivered. Normal life is being gradually introduced. We are taking every step possible to permit the early sending of individual packages by Americans to their loved ones in Italy. Our objective is to restore all avenues of trade, commerce and industry, and the free exercise of religion, at the earliest possible moment.

"I am deeply grateful, therefore, for this award. It represents your appreciation both of the problems and the efforts of the American Government.

"The charter from which this award takes its name—the Four Freedoms—is a firm bond between the great peace-loving nations of the world. To the people of Italy we have pledged our help—and we will keep the faith."

Paris Bourse Resumes Foreign Loan Trading

Trading in foreign securities was resumed on the Paris Bourse on Oct. 10 amidst bearish interpretations of a decree ordering all foreign securities to be listed and filed with the Government. This was reported in Associated Press accounts from Paris on Oct. 10, which also had the following to say:

"No American issues appeared on the first day that operations were allowed in foreign securities since the German occupation of the capital.

"Interest in foreign shares centered in South African gold mining issues—Union Corp., Central Mining and East Geduld—and Swiss securities such as Nestle Liebig.

"Various Suez Canal shares suffered losses ranging from 500 to 2,000 francs. The regular stock dropped from 63,000 francs to 61,000.

"On the black market, American paper dollars brought 250 francs and British paper pounds 670 francs as people rushed to unload excessive profits accumulated in the occupation period and hedge against inflation of the franc."

Under date of Oct. 12 from Paris the Associated Press stated:

"Calm settled over the Bourse today after two sessions of flurry brought on by apprehension concerning possible government steps against excessive occupation profits and the expropriation of foreign securities.

There was a pronounced firming in the market with French government bonds leading in this tendency.

"Several classifications of Suez securities remained unchanged although founding shares dropped 1,500 francs while Parts Civiles gained 450. Canadian Pacific registered another day's gain of 100 franc to reach 1,000."

U. S. Supreme Court Declines To Review Ruling That Insurance Is Subject To Anti-Trust Laws

The United States Supreme Court denied on Oct. 9 a petition of the Southeastern Underwriters Association and the Attorneys-General of all States except six, for reconsideration of the court's ruling on June 5 that insurance is business in interstate-commerce and thus subject to Federal anti-trust laws. The motion, it is stated, was denied without comment. Justice Owen J. Roberts and Stanley Reed took no part. The Supreme Court's 4 to 3 opinion of June last was referred to in our June 8 issue, page 2383.

In these columns on Oct. 5, page 1514, it was noted that a bill, previously approved by the House, to exempt insurance business from anti-trust laws, was approved on Sept. 18 by the Senate Judiciary Committee. In the same item reference was made to the filing of petitions with the Supreme Court by nearly all the States asking for a rehearing of the case. In Washington advices to the New York "Times" Oct. 9 it was stated that "In their pleas for reconsideration the underwriters and Attorneys General made various points, but emphasized what they said was an abandonment of the court practice.

"They pointed out that with a total membership of nine, a court majority was five, but with the self-disqualification of Justices Roberts and Reed, only seven justices remained sitting. Of these, four combined in a majority. Justice Hugo L. Black wrote the opinion against the insurance companies, and Justices William O. Douglas, Frank Murphy and Wiley Rutledge sided with him. Chief Justice Harlan F. Stone and Justices Felix Frankfurter and Robert H. Jackson dissented.

"Now that the efforts for a rehearing have been defeated in the Supreme Court, insurance interests are expected to stiffen their fight to have passed legislation now before Congress to counteract the court ruling.

The new term of the Supreme Court was opened on Oct. 2, with more than 500 cases before the court. Following a brief session, a recess was taken until Oct. 9.

Pressures Of Inflation Greatest 4 To 8 Months After German Defeat, Says Chester Bowles

That the country would face its most critical post-war economic period when the various "pressures of inflation" reached a crisis four to eight months after the fall of Germany, was the warning given on Oct. 13 by Chester Bowles, Price Administrator, according to a special dispatch to the New York "Times" from Washington on the same day, from which we also quote:

Mr. Bowles predicted that the country would "pretty well know" how it was coping with the problem of inflation by next September if the war were over by the end of this year. It would be apparent then, he told a press conference, whether the forces which contribute to inflation were getting out of hand or declining.

In the latter event, which he expected, he said that the Office of Price Administration could begin "tapering off" its controls and regulations.

A persistent prophet of inflation if prices were not stabilized during the war, Mr. Bowles contended that the first economic danger after V-E Day would be deflation, which would be apparent before the pressures for inflation gained the upper hand.

The manifestations of deflation, he explained, would be a tendency for prices to slump, unemployment resulting from military demobilization and war contract termination and a reduction in the income of most workers.

He cited estimates of 4,000,000 to 6,000,000 persons idle during the shift from war to civilian production, of a cut of $12,000,000,000 to $14,000,000,000 in income with the change from the 48 to the 44-hour week and of an over-all reduction of $30,000,000,000 to $40,000,000,000 in Government expenditures as a result of terminated war contracts.

A secondary force for deflation, he continued, would be the determination of many persons to preserve their war savings until consumer goods began returning to the market in quantity.

"And when these goods do come back the price has got to be right," he said, explaining that if prices were high they would curb full consumption and if too low would prevent full production. In his view, full production would guard against inflation and contribute toward a generally high standard of living.

Full Employment Rests With Federal Govt. Declares Chester Bowles, OPA Head

Chester Bowles, head of the Office of Price Administration, said in Washington on Oct. 15 that the final responsibility for seeing to it that total investment—private, municipal, State and Federal—is sufficient to support full employment rests with the Federal Government. This was indicated in Associated Press dispatches from Washington, Oct. 15, which added:

Mr. Bowles was one of several Government officials who outlined their views on a proposal of James G. Patton, President of the National Farmers Union, that the Government underwrite the business structure of the country whenever expected investment fell below an annual level of $40,000,000,000. This objective Mr. Patton proposes to accomplish through direct Federal loans and a public works program.

"While Federal underwriting of total investment is not the only measure required to convert our economy to full peacetime activity," Mr. Bowles said in a letter made public by Mr. Patton, "it is an essential element in a post-war program for full employment.

"We should, of course, do everything possible to encourage increased investment of risk capital by private business."

Mr. Bowles held also that one of the most important aspects of the program advanced by Mr. Patton, which the Senate had been asked to consider in legislative form, "is that if private business were assured that the Government stood ready, through public investment, to underwrite the huge markets that go with full production and full employment, there might be very little need for the Government actually to undertake investment above the normal amount involved in immediate essential public works."

New Deal Domestic And Foreign Policies Equally Chaotic: Dewey

(Continued from first page)

the rule of the corrupt Pendergast machine. In the light of that record, I am sure they will never permit men who are products of that machine to succeed in their current attempt to take over our national government.

"The war in Europe is drawing to a close. But hard tasks remain. We must speed the drive for final victory. We must put behind our fighting men the backing of competent, effective government at home. We must make sure that when total victory is won, those fighting men are brought home promptly. We must take the leadership in bringing about effective international cooperation to prevent a future war.

"We in America face a mighty decision. Ten million heroes will be coming home, entitled to the fruits of victory—a prospering country with security and opportunity to get ahead. Millions of workers in war plants will demand their right to a good job in peace industry at good wages with security and stable employment. The farmers of America have a right to know that their tremendous efforts in the face of inadequate help and machinery will be rewarded by a new future of freedom from regimentation with stable and good prices for the fruits of their labor.

"Is the tired and quarrelsome New Deal all America has to offer? Must we go back to leaf raking and doles? Must our returning heroes go on the same old WPA? Must our farmers go back to detailed control by a host of New Deal agents, with falling prices to boot?

"These questions will all be decided in this election. The freedom and future of our country are at stake. Never in its history was it so important that we have a government which will be respected at home and respected abroad. Never was it so important that we choose a government which can restore our job-making machinery. Jobs and opportunity for every American and our chance for a lasting peace—all depend on this election.

"Now, what kind of administration do we need for the mighty problems we shall face after the war? As never before we shall need a government that meets these simple tests:

"1. Is it honest?

"2. Are the people who run it trained and competent for their jobs?

"3. Is it a government with faith in the future of America and a wholehearted determination to make our system work?

"Let us apply these simple tests to what we now have so that we can find out whether it's time for a change.

"For 12 years the New Deal has treated us to constant bickering, quarreling and back-biting by the most spectacular collection of incompetent people who ever held public office. We must not trust our future to such people as Harry Hopkins. Madame Perkins and Harold Ickes. Certainly America can do better. I propose that we will do better.

"But we can never do better under the New Deal. The scars of its own failures and its own quarrels are too deep. Going right back to its beginning, if it wasn't a free-for-all fight in the WPA, it was Messrs. Ickes and Hopkins fighting over who got four billion borrowed dollars to spend on PWA or WPA, it was Henderson and Ickes squabbling over the right to be gasoline czar or a fight between the Rubber Director and the Under Secretary of War.

"If it wasn't the OPA fighting with itself, it was Mr. Ickes denouncing the War Labor Board for its part in what he called a 'black—and stupid—chapter in the history of the home front. . . .'

"The most disgraceful performance came when Vice-President Wallace accused Secretary of Commerce Jones of having 'done much to harass the . . . effort to help shorten this war. . . .' And Mr. Jones charged the Vice-President with 'malice, innuendo, half-truths and no truths at all. . . .'

"What kind of government is this that even a war cannot make it settle down and go to work? Little men rattling around in big jobs. Our country cannot afford the wasteful luxury of incompetent people in high places who spend their time fighting each other.

" 'Even Mr. Roosevelt publicly confessed on Aug. 21, 1942, that these conflicts within his Administration have been a 'direct and serious handicap to the prosecution of the war.' How costly they have been we will never know. But we do know one thing. Twelve years of this kind of government are too long. Sixteen years of it would be intolerable.

"This Administration has lived on conflict. They planned it that way. Listen to the President's executive order No. 9334. It says in part: 'The Secretary of Agriculture and the War Food Administrator . . . shall each have authority to exercise any and all of the powers vested in the other. . . .'

"In other words, Mr. Roosevelt gives two men the same powers and then turns them loose to fight about it. He has been doing that for 12 straight years and it is one of the major reasons the New Deal failed in peacetime and would fail again if it got a chance. We can't afford this kind of planned, noisy chaos and bungling in the days ahead. That's why it's time for a change.

"Now there is another important reason why this New Deal Administration has been one long chapter of quarreling and confusion. That reason is the consistent practice of evading responsibility. High officials issue statements. Nobody rebukes or removes them. But when the statements later prove embarrassing, they are lightly disavowed or turned aside as unauthoritative.

"Last month I challenged a statement by the National Director of Selective Service in which he said: 'We can keep people in the Army about as cheaply as we could create an agency for them when they are out.'

"Mr. Roosevelt was quite upset. In fact, he spoke about 'reckless words, based on unauthoritative sources' . . . and last Saturday he handed out from the White House a letter from General Hershey in which the General said the idea was all his own.

"Now, is Mr. Roosevelt quite accurate when he calls General Hershey, his own appointee, unauthoritative? The fact is that the Director of Selective Service is charged by law with the duty of helping to get jobs for returning veterans. If anybody in the country is an authority on that subject, he is the man.

"Now, where did General Hershey get this idea Mr. Roosevelt calls 'unauthoritative'? I'll tell you. He got it from another one of those 'White House' releases put out by Mr. Roosevelt himself.

"Moreover, it was submitted by Mr. Roosevelt's own uncle, Frederick A. Delano, Chairman of the National Resources Planning Board. It was the report of the conference on post-war readjustment of civilian and military personnel, appointed by the President.

"This discussed the pros and cons of speedy demobilization. After saying that good reasons exist for desiring a rapid rate of military demobilization, the report goes on to say that:

" 'Despite . . . compelling reasons for rapid military demobilization, the prospects of economic and industrial dislocation at the close of the war are so grave and the social consequences are so far-reaching that a policy of orderly, gradual, and, if necessary, delayed military demobilization has been strongly advocated.' 'The following reasons,' it goes on to say, 'have been advanced:

" 'Rapid demobilization might throw into the labor market large numbers of men just at the time when the industries might be least able to absorb them. It might create unemployment and depression.'

" 'Those in the services,' this report continues, 'will constitute the only large group of persons over whom the nation could, in the event of economic crisis, exercise any degree of direct control. . . .' Then it says: 'The economic and social costs of retaining men in the services would be less than those involved in dealing with an unemployment depression through civilian relief. . . .'

"So this idea of keeping men in the Army for fear that they won't get jobs after the war was in a report made public last year by Mr. Roosevelt himself. The New Deal has had it in mind right along.

"Now, let my opponent try to pass the buck to one of his assistants. They can slip and squirm in this New Deal, but when my opponent uses the word 'falsification,' as he did on the radio in the teamsters' speech, it comes home to haunt him.

"And let me add that as long ago as last April, Mr. Roosevelt remained silent while his director of selective service in a public speech in New York said he saw no purpose in letting men out of the Army 'into some kind of a WPA.' I do not see any such purpose either. Our fighting men ought to be brought home from the armed services at the earliest possible moment after victory and to jobs and opportunity. And that will be done when we get a new, an honest and a responsible administration in Washington.

"The truth is that the New Deal has been afraid all along that when the time came to let men out of the Army there would be no jobs for them—that it would be a case of back to normalcy under the New Deal with ten million unemployed.

"When the New Deal took office on March 4, 1933, the world-wide depression was already nearly four years old. In its first seven years it had more power than any government in our history. It spent nearly $58,000,000,000. Yet the official figures of the League of Nations prior to the outbreak of the world war show that among the major nations of the world the United States had almost the poorest record of all. Out of 22 leading industrial nations of the world, 19 had made greater recovery than the United States from the crash of 1929. All but five had exceeded the 1929 level of production and gone well beyond it. The fact is that the New Deal depression in the United States was actually holding back economic recovery all over the world.

"It was Winston Churchill who, late in 1937, said: 'the Washington Administration has waged so ruthless a war on private enterprise that the United States . . . is actually at the present moment leading the world back into the trough of depression.

"Then he added: 'Those who are keeping the flag of peace and free government flying in the Old World have almost the right to ask that their comrades in the new world should . . . set an example of strength and stability.'

"But Mr. Roosevelt ignored the warning. He went on with his war on business and employment, his experimentation—his quarrels and his chaos.

"The New Deal's record at home is one long chapter of failure. But some people still tell us: 'we agree that the New Deal is a failure at home but its foreign policies are very good.' Let me ask you: can an administration which is so disunited and unsuccessful at home be any better abroad? Can an administration which is filled with quarreling and back-biting where we can see it be any better abroad where we cannot see it? Well, the answer to that seeps through the brick wall of censorship.

"For example, on Feb. 11, 1943, while we were seeking vital war materials in Brazil, an artist in the New York 'Times' told how the conflict between Mr. Wallace and Mr. Jones was being echoed among our representatives in Brazil. It went on to say that dissension among the scores of agency representatives had actually 'led the Americans to participate in departmental rows among agencies of the Brazilian government itself.'

"Last year a special committee of United States Senators was sent to our war theaters overseas. Read what a Democratic Senator, Richard B. Russell, said in a report to the Senate on Oct. 28, 1943. These are his words: 'Our civil agencies abroad are numerout, but too often they are either working at cross purposes, or, worse to relate, in some cases have no apparent purpose.'

"Here is a report from the July 30, 1943, issue of 'The United States News.' It says: '. . . in North Africa . . . field agents of half a dozen agencies—the Treasury, BEW, Lend-Lease, State Department and others—are reported to have brought confusion to the brink of chaos.'

"Why is it that our representation in the vital areas abroad is on the brink of chaos? The answer is exactly the same as at home.

"In addition to the only constituted officers of the State Department and the Army and Navy, there are now operating wholly or partly all over the world the following agencies of this Administration:

"The FEA, RFC, WFA, OCIAA, OSS, OWI, WSA, WRB, OAPC, OC, OWM, PWRCB, OFAR, FRC and the ACPSAHMWA.

"There are more, but that's enough.

"Our country has a very important role to play in the world in the years to come. We can never achieve our objectives under an administration too tired and worn out to bring order out of its own chaos either at home or abroad.

"This nation of ours can be an inspiration to the world. We can be a steadying influence for freedom and peace. But first we must have peace in our own government. We must set our own house to order. That can never be done by a weary and worn-out administration. It can and must be done by a fresh and vigorous administration which will restore honesty and competence to our government.

"These things we pledge to you:

"An administration devoted to public service instead of public bickering.

"An administration working in harmony with Congress.

"An administration in which the Cabinet is restored as a responsible instrument of government.

"An administration in which you will not have to support three men to do one man's job.

"An administration which will root out waste and bring order out of chaos.

"An administration which will give the people of this country value received for the taxes they pay.

"An administration made up of the ablest men and women in America who will receive full authority to do their jobs and will be let alone to do them.

"An administration free from the influence of Communists and the domination of corrupt big-city machines.

"An administration in which the Constitution is respected so that the liberties of our people shall again be secure.

"An administration which will devote itself to the single-minded purpose of jobs and opportunity for all.

"My distinguished associate, John W. Bricker, and I are united in our determination to these ends. We know that they can be achieved.

"We are united by these objectives and a firm determination under God to achieve them. America must never go back to the insecurity, unemployment and chaos of the New Deal. Because she must, America can and will go forward once again."

U. S. Stops Printing Money For Italy

The Treasury Department at Washington has stopped printing and issuing allied military currency in Italy, according to an Associated Press dispatch from Washington on Oct. 13, which also said:

"The cease-printing order was laid down, it was ascertained here today, because of a belief the currency already brought into Italy is circulating sufficiently rapidly so that it comes back to the Italian Government via bank deposits and can be re-used by Allied troops.

"Financing the Allied operations in Italy remains an extremely complicated problem, however, because this is done primarily by a system of bookkeeping, rather than normal economic exchange. When the Army pays laborers to build barracks, buys Italian supplies, or otherwise spends money in Italy, an account is kept and these are considered occupation costs to be settled later.

"When a soldier decides to draw his pay in lire, however, and buy wine for himself, or pictures or jewelry to send home, that is not considered an occupation cost and the money is credited to the Italian Government, which buys supplies in this country with the equivalent in dollars. American soldiers already have spent considerably more than 100,000,000 lire on such personal items, it is understood.

"Italians are said to be depositing increasing amounts of money in banks, which pass it on to the Italian Government, which hands some back to Allied authorities for purchases in Italy. The completion of this circle has obviated the need for continued issuance of Allied currency."

Col. A. Roosevelt Honored

A testimonial luncheon was tendered by the Municipal Bond Club of New York on Oct. 10 to Lieut.-Col. Archibald B. Roosevelt, who is home from the Southwest Pacific battle area on a 30-day leave. Col. Roosevelt, a former partner of Roosevelt & Weigold, New York investment banking firm, is a charter member of the Municipal Bond Club. In November, 1942, he received his commission as a Major and was sent to the South Pacific, where he joined the 162nd Infantry, 41st Division. He has seen action at Salamaua and Biak Island, where he was wounded. Among other decorations received for exploits in the New Guinea battle area, he recently was awarded the silver star for gallantry in action.

White House Analysis Of Statements By Gov. Dewey In Oklahoma Speech

Following is the text of (as taken from Washington advices Oct. 12 to the New York "Times") a White House analysis of statements made by Governor Dewey in his campaign speech at Oklahoma City, Sept. 25 and "the facts" presented by the White House in reply to each:

Dewey's Statement

"Now, were we prepared for war, or were we not? It's a perfectly simple question of fact.

"In 1940, the year after the war began in Europe, the United States was in such a tragic condition that it couldn't put into the field as a mobile force 75,000 men. The Army was only '25% ready.' Now, Mr. Roosevelt, did those statements come from Goebbels? Was that fraud or falsification? Those are the words of General George C. Marshall, Chief of Staff of the United States Army, under oath."

The Facts

General Marshall's statement on Military Establishments Appropriation Bill, 1941, made May 1, 1940, before the subcommittee of the Committee on Appropriations of the United States Senate (Page 55):

"We could put in the field at the present time, as a mobile force, about 75,000 men of the Regular Establishment. They are seasoned soldiers, immediately ready to operate, organized into two partially completed Army corps, or into one Army complete corps with its special troops all on a basis of peace strength, to be promptly reinforced by 25,000 men from the Enlisted Reserve."

General Marshall's testimony before the Truman committee hearings, Part 1, on April 22, 1941:

"In February, 1940, I talked in a meeting before a historical group. I didn't have any preparation; I just went into it and talked—one statement I made was that compared to the Navy, which is 75% mobilized at all times, we at best were not over 25% prepared in the Army. Well, that was just for the purpose of illustrating the difference of the national policy. It was in no way a criticism. It was the national policy that the principal build-up would be behind the oceans and behind the Navy, that our great task was the development of a successful mobilization. What we wanted were a few divisions that were prepared to go anywhere, if the Administration and the Congress might decide that we should take action quickly. We had not been permitted to do that.

"But beyond that our problem was one of mobilization, of a successful mobilization. The Navy's problem was one of operation. They were already 75% mobilized, and at the time I talked they were close to 90%.

"And yet the mere statement that my guess was that we were only 25% prepared, considering all the motions that we had to go through, was very bitterly attacked in about February, 1940."

Excerpt from General Marshall's address before joint meeting of the American Military Institute with the American Historical Association, Dec. 28, 1939:

"The time factor is the other dominant consideration which influences the planning of the department. It is related to all our preparations — the production of material, the training of troops, of pilots and of mechanics, the organization of new units, and the mobilization of a war Army. The Navy in peace is 75% fully prepared. The Army machine is probably less than 25% ready for immediate action. Our problem, therefore, involves the development of a war force after the emergency has arrived. The time factor dominates the situation to a degree not approximated in any other great country. For this reason in particular the problem of a suitable war organization for the United States is one of many complications, and the influence of a well-informed public is of profound importance."

Dewey's Statement

"I quote again: 'Dec. 7, 1941, found the Army Air Forces equipped with plans but not planes.' Did that come from Goebbels? That statement was made in an official report on Jan. 4 of this year by H. H. Arnold, Commanding General of the Army Air Forces of the United States of America."

The Facts

From the official report of the commanding general of the Army Air Forces to the Secretary of War, Jan. 4, 1944:

"Dec. 7, 1941 (Dec. 8, Hawaiian time) found the Army Air Forces equipped with plans but not with planes. When the Japanese struck our combat aircraft strength was little better than a corporal's guard of some 3,000 planes; of these only 1,157 were actually suited to combat service." . . .

"The entire year 1941 was one of acceleration, in building bases and training facilities, teaching air crews and ground crews, establishing supply depots and supply lines, strengthening our continental defenses, expanding our aircraft and engine factories, furnishing friendly nations with more planes and equipment than we could spare, and getting ready for war. When the Japanese attacked on Dec. 7, 1941, we may not have had a powerful air force but we knew that we soon would have one. We had the plans, and our organization was growing every hour. We knew that we had done everything in our power, everything permitted us by a peace-loving nation to prepare to defend that nation against cruel and cunning foes." . . .

"Germany required ten years to create her Luftwaffe; we were required to build our air force in one, and to fight with it in four corners of the world at the same time. By Dec. 7, 1941, our expansion program had been well started. The Army Air Forces had a two-fold task: to build up a gigantic training system, and to hold off the enemy until we could build up strength to take the offensive." . . .

"The resourcefulness and energy of our people would have been of little avail against our enemies if the Army Air Forces had not begun preparations for war long before Pearl Harbor. By Dec. 7, 1941, we were in low gear and were shifting into second. That we were rapidly building up our strength at that time has been erased from the minds of many people by succeeding events. But due in large part to the initiative of our Commander in Chief, we did not start this war from scratch."

Dewey's Statement

"Four months before Pearl Harbor, there was a debate in the United States Senate. The chairman of a Senate committee described on the floor of the Senate the shocking state of our defense program. Senator Vandenberg asked the chairman where the blame should be laid, and the chairman replied, 'There is only one place where the responsibility can be put.' Then Senator Vandenberg said, 'Where is that—the White House?' and the chairman of that committee replied, 'Yes, sir.'

"Who was the committtee chairman? It was Harry Truman, the New Deal candidate for Vice President of the United States."

The Facts

During a discussion on the floor of the Senate following a speech made by Senator Truman concerned chiefly with camp construction and raw materials, as reported in the Congressional Record of Aug. 14, 1941, page 7,117:

"Mr. Vandenberg: From the Senator's observations, can he tell me where the final authority rests in respect to priorities and curtailments? Does it rest with Mr. Stettinius, or with Mr. Henderson, or with Mr. Knudsen, or where?"

"Mr. Truman: If I could answer that question, it would not be necessary for the Committee to continue any further. We are trying to find that out. The last information I have is that it rests with Mr. Stettinius.

"Mr. Vandenburg: In other words, the Senator is now saying that the chief bottleneck which the defense program confronts is the lack of adequate organization and coordination in the administration of defense?

"Mr. Truman: That is exactly what the hearings before our Committee will prove.

"Mr. Vandenberg: Who is responsible for that situation?

"Mr. Truman: There is only one place where the responsibility can be put.

"Mr. Vandenberg: Where is that—the White House?

"Mr. Truman: Yes, sir.

"Mr. Vandenberg: I thank the Senator." [Laughter.]

Dewey's Statement

"Again, in a magazine article in November, 1942, this statement appeared: 'The reasons for the waste and confusion, the Committee found, were everywhere the same: the lack of courageous, unified leadership and centralized direction at the top.'"

The Facts

The Senator was talking about the fights among various agencies. In the November, 1942, issue of "American Magazine," in an article entitled, "We Can Lose the War in Washington," in discussing business and the confusion at the top of the War Production Board in particular and dollar-a-year men in general, Senator Truman said:

"Chaotic conditions in war production are by no means a thing for which the Administration or the men in charge are alone to blame. Leadership implies 'followship.' And up to now we, who have been free in finding fault, have shown ourselves poor followers. If we wish to correct the situation, the power lies with us." . . .

"Red tape makes it necessary for many companies with war contracts to employ clerks and bookkeepers who do nothing but fill out Government forms and questionnaires—forms for the War Department and the Navy, for the War Production Board, the Bureau of Internal Revenue, the Office of Price Administration, the Social Security Board, and many more besides.

"In peacetime red tape represents a necessary evil, keeping public servants from straying too far out of bounds. During the war emergency, however, we need administrators with the moral courage to slash through and get things done—and get them done on time." . . .

"We are in danger of losing this war if we continue to permit personal self-seeking and business-as-usual to interfere with all-out production schedules." . . .

"The reasons for the waste and confusion, the Committee found, were everywhere the same: the lack of courageous, unified leadership and centralized direction at the top.

"The need for a strong hand at the helm of America's war production finds fresh confirmation in each new batch of mail that lands on my desk." . . .

"Some people have gathered the impression that my opposition to this type of dollar-a-year man in the employ of Uncle Sam is a matter of New Deal antipathy to successful business men. That is not the case." . . .

"Britain went through the same experience a couple of years ago. It was only after a newspaper publisher had been drafted to supervise the aircraft industry—and after there had been a general switching around of jobs, so that steel men were placed in charge of textiles, and textile men in charge of steel, that Britain's war output began really to hit its stride.

"Fundamentally, England's production crisis was a crisis of leadership. And the same thing holds true for the United States today." . . .

"With the world going up in flames about us, we owe it to ourselves to insist that the President act promptly to halt the selfish fights for power, the endless bickering and dissension which have so far blocked the complete utilization of our productive energies." . . .

"The leader of our production effort must be a man who can stand up to the generals and the admirals and tell them where to head in. He must have the authority required to rule the industrial roost, and the determination to use that power.

"He must have the imagination and industrial daring to conjure up unheard-of-ways of doing things instead of reasons why they can't be done.

"The American people are ready to spend blood and sweat and tears to buy victory. American industry must be ready to sacrifice too. There can be no holding back of productive energy to protect post-war profits. Without victory there will be no profit for anyone but Hitler and the Japs."

Dewey's Statement

"Again, on the floor of the Senate in May, 1943, these words were uttered: 'After Pearl Harbor we found ourselves woefully unprepared for war.' Was that Dr. Goebbels on the floor of the Senate?

"The very words my opponent calls a falsification came from the mouth of his running mate, Harry Truman, the Democratic nominee for Vice-President."

The Facts

The Senator was talking only about disputes between agencies with particular reference to rubber.

In a report to the Senate on the hearings which the Special Committee to Investigate the National Defense Program had been conducting, on May 6, 1943, Senator Truman stated:

"The task of control and guidance is of utmost importance. Clear leadership in strong hands is required. The influence from above must always be toward unity. Where necessary, heads must be knocked together.

"The issues in this dispute, involving war strategy, can and should be resolved by the agency established for that purpose, the War Production Board. This report is directed, not at these issues, but at the weaknesses in administration of the war effort which permit such disputes to reach the point of public controversy.

"After Pearl Harbor we found ourselves woefully unprepared for war. This Committee reported on the rubber situation and warned that supplies were dangerously low; that erection of synthetic rubber facilities were essential; that there would probably be no new rubber for civilians until 1944. Precious months were wasted in discussion after our findings were made public. Finally, after the President's Baruch Committee arrived at the same conclusion, synthetic rubber got under way. To accomplish this, a rubber czar was set up, within the War Production Board to be sure, but still more or less autonomous. . . ."

Dewey's Statement

"Now listen to this: 'When the treachery of Pearl Harbor came we were not ready.' Mr. Roosevelt, was that from Dr. Goebbels? The man who said that was Alben Barkley, your majority leader of the United States Senate. And where do you suppose Alben Barkley said 'when the treachery of Pearl Harbor came we were not ready?' Right in his speech nominating Mr. Roosevelt for a fourth term."

The Facts

Excerpt from Senator Barkley's nominating speech:

"For this foresight and forthrightness he (the President) was denounced as a war monger and assailed as the friend of the war profiteer, and he became the object of partisan and personal villification like unto that which Washington suffered and which Lincoln endured.

"Whose was the voice then that cried from the wilderness? Who became then the major prophet—the man who saw and warned the people against approaching danger, or those who fulminated their jeremiads against him because he had the clarity of vision to see and the courage to proclaim the interest of our people and our welfare in the world's developments?

"When the treachery of Pearl Harbor came we were not ready. The shock of it blasted us from our complacency, as the previous shock of Hitler's attack on Europe blasted his neighbors out of theirs.

"No democracy is ever ready for war at the drop of a hat. That is true of Europe and Asia no less than of America. And because the people themselves who live in those democracies have not wanted war, because they believed in the good faith of treaties made to prevent war, they were unwilling to believe that war would come or to be ready for war when it came."

Dewey's Statement

"Now why is it we weren't ready when we were attacked? Let's look at my opponent's own words. In a message to Congress in 1935, he said: 'There is no ground for apprehension that our relations with any nation will be otherwise than peaceful.'"

The Facts

In the President's Annual Message to the Congress, Jan. 4, 1935—on the state of the Nation:

"I cannot with candor tell you that general international relationships outside the borders of the United States are improved. On the surface of things many old jealousies are resurrected, old passions aroused; new strivings for armament and power, in more than one land, rear their ugly heads. I hope that calm counsel and constructive leadership will provide the steadying influence and the time necessary for the coming of new and more practical forms of representative government throughout the world wherein privilege and power will occupy a lesser place and world welfare a greater.

"I believe, however, that our own peaceful and neighborly attitude toward other nations is coming to be understood and appreciated. The maintenance of international peace is a matter in which we are deeply and unselfishly concerned. Evidence of our persistent and undeniable desire to prevent armed conflict has recently been more than once afforded.

"There is no ground for apprehension that our relations with any nation will be otherwise than peaceful. Nor is there ground for doubt that the people of most nations seek relief from the threat and burden attaching to the false theory that extravagant armament cannot be reduced and limited by international accord."

Dewey's Statement

"In 1937 he (the President) said, and I quote: 'How happy we

(Continued on page 1720)

White House Analysis Of Statements By Gov. Dewey In Oklahoma Speech

(Continued from page 1719)

are that the circumstances of the moment permit us to put our money into bridges and boulevards * * * rather than into huge standing armies and vast implements of war.' "

The Facts

From the President's "Quarantine the Aggressors" speech in Chicago, Oct. 5, 1937:

"* * * Let no one imagine that America will escape, that America may expect mercy, that this Western Hemisphere will not be attacked and that it will continue tranquilly and peacefully to carry on the ethics and the arts of civilization." * * *

"There is a solidarity and interdependence about the modern world, both technically and morally, which makes it impossible for any nation completely to isolate itself from economic and political upheavals in the rest of the world, especially when such upheavals appear to be spreading and not declining. There can be no stability or peace either within nations or between nations except under laws and moral standards adhered to by all. International anarchy destroys every foundation for peace. It jeopardizes either the immediate or the future security of every nation, large or small. It is, therefore, a matter of vital interest and concern to the people of the United States that the sanctity of international treaties and the maintenance of international morality be restored." * * *

"How happy we are that the circumstances of the moment permit us to put our money into bridges and boulevards, dams and reforestation, the conservation of our soil and many other kinds of useful works rather than into huge standing armies and vast supplies of implementts of war.

"I am compelled and you are compelled, nevertheless, to look ahead. The peace, the freedom and the security of 90% of the population of the world is being jeopardized by the remaining 10% who are threatening a breakdown of all international order and law. Surely the 90% who want to live in peace under law and in accordance with moral standards that have received almost universal acceptance throughout the centuries can and must find some way to make their will prevail." * * *

"When an epidemic of physical disease starts to spread, the community approves and joins in a quarantine of the patients in order to protect the health of the community against the spread of the disease."

Dewey's Statement

"But war came just two years later (referring to the 1937 'happy * * * to put our money into bridges and boulevards * * * than into * * * standing armies and vast implements of war' statement). It was in January of 1940 that I publicly called for a two-ocean Navy for the defense of America. It was that statement of mine which Mr. Roosevelt called, and I quote his words: 'Just plain dumb.' Then, as now, we got ridicule instead of action."

The Facts

In the President's press conference held on May 14, 1940, in which his message to the Congress on National Defense was discussed:

"Q.—Mr. President, has there been any revival of the discussion of the need for a two-ocean Navy, in view of the German gains in the air over the British Fleet?

"The President: Well, when you talk about a two-ocean Navy in regard to our naval defense, I don't know. I think it probably goes back to the days of—when did we first get California? 1847, wasn't it?

"Q.—Yes, sir.

"The President: In other words, it is an entirely outmoded conception of naval defense and it has been since about 1847 when we first acquired California. I just never discuss two-ocean Navy in one way or the other because it is dumb to talk of naval defense in those terms. * * * Of course you are supposed to have a Navy that will go anywhere for national defense purposes and no human being can say where it will have to go—nobody.

"Q.—Isn't it conceivable we may have to split the fleet if something happened out in the Netherlands Indies and then——

"The President: I am afraid that is a leading question.

"Q.—It would take ten years to create another Navy like this one?

"The President: Yes, and then — —. Suppose you got an attack from three angles instead of two and then you would have to have three navies. In other words, it really, honestly, is a stupid conception that nobody who knows anything about defense would ever use. Nobody has ever used that term that knew anything about defense.

"Q.—Mr. President, if we cannot have a two-ocean Navy, would it be logical to have two canals between the Atlantic and the Pacific?

"The President: Personally I wish we had 10 canals, because the more communications you have, which are capable, more or less, of defense, the better it is. I wish there weren't any isthmus. I wish there were a big open space down there.

"Q.—Mr. President, I do not mind seeming dumb, but if we nave two oceans, why wouldn't it be a good idea to have two complete Navies, one for each?

"The President: Well, because it is just exactly like Portland, Maine. If you break things down in those terms, we ought to have Navy ships at the mouth of every harbor to protect that harbor against any possible attacking for us because, you see, they might attack Portland, Maine, and Boston, Mass., at the same time, Now wouldn't that be awful? You really ought to have two Navies.

"Q.—Well, I just do not think that is the same thing because you have got oceans——

"The President (interposing). That is what you call reductio ad absurdum."

Note—That very day the President sent a message to the Congress calling for 50,000 planes a year and for an immediate appropriation of $896,000,000 for the Army and Navy in addition to items already included in the pending War and Navy Appropriations Bills. The press conference dealt largely with that, but Dewey said nothing about the message.

Dewey's Statement

"The war rose in fury. When Hitler's armies were at the gates of Paris, Mr. Roosevelt once again soothed the American people with the jolly comment: There is no need for the country to be 'discomboomerated.' "

The Facts

At his press conference on May 28, 1940, following his recent radio address (May 26, 1940) on national defense, in discussing the public response to the need for preparedness, the President said:

". . . The answer has been fine all over the country. I am very, very appreciative of it and I think people understand the seriousness of the situation.

"At the same time, I think people should realize that we are not going to discombobolate (discomboomerate) or upset, any more than we have to, a great many of the normal processes of life. There is one of the ladies in the room, for instance, who was going to ask that question and wanted to know whether we are not only going to have no new automobiles next year, new models, but whether it meant a lot of other things that could be put into the luxury class would have to be foregone by the population and . . . the answer is that this delightful young lady will not have to forego cosmetics, lipsticks, ice-cream sodas and—(laughter). . . . We do not want to upset the normal trend of things any more than we possibly can help."

Governor Dewey's speech at Oklahoma City Sept. 25 was referred to in our issue of Sept. 28, page 1353.

Letters To President By Berle And Hershey On Assertions In Gov. Dewey's Speeches

In addition to the White House analysis issued Oct. 14 of statements made by Gov. Thomas E. Dewey in his address at Oklahoma City, and the inclusion in the analysis of "The Facts," other releases from the White House at the same time comprised two letters addressed to the President, bearing on remarks of Gov. Dewey in his campaign speeches—one by Assistant Secretary of State Berle, and the other by Maj. Gen. Hershey, Director of the Selective Service System.

With respect to these releases, advices from Washington Oct. 14 to the New York "Herald Tribune" by Carl Levin, said in part:

The first was an analysis of some 3,000 words of Gov. Thomas E. Dewey's Sept. 25 Oklahoma City speech, comparing the Republican Presidential candidate's allegations with the source material from which the White House indicated they were drawn.

This analysis, issued by the White House and not by the President, though undoubtedly with his knowledge, carried no words of introduction. . . .

The second release, which followed closely that of the voluminous analysis, pertained to Governor Dewey's Charleston, W. Va., address of last Saturday [Oct. 7] and took the form of an announcement that the President has received from Adolf A. Berle, Jr., Assistant Secretary of State, a letter stating that Mr. Dewey had misquoted him in Charleston. . . .

The third release, following the pattern of the second, contained a letter to the President from Maj. Gen. Lewis B. Hershey, Director of the Selective Service System, explaining the military demobilization statement attributed to him by Governor Dewey in his opening campaign address at Philadelphia on Sept. 7.

This letter referred to Mr. Dewey's charge that a statement by the Selective Service Director was a clear demonstration that the Roosevelt administration so "lacked faith in America" that it intended to demobilize the armed forces gradually because of fear of unemployment. Mr. Dewey, at the time, quoted General Hershey as having explained the need for gradual demobilization by saying "we can keep people in the Army about as cheaply as we could create an agency for them when they are out."

General Hershey's letter, dated Thursday [Oct. 12], explained to the President that in making the remark he was merely giving his "personal opinion in a field over which I have no responsibility" and that the publicity that has been given to it "has tended to attach a significance which is completely out of accord with the facts in the matter."

These letters as given in the "Herald Tribune," from its Washington bureau, follow:

BERLE'S LETTER

My Dear Mr. President:

At Charleston last Saturday Governor Dewey misquoted a personal memorandum of mine dated May 23, 1939, to the Temporary National Economic Committee, in a surprisingly dishonest effort to claim that your administration was secretly trying to set up a communist system.

To do this, he ripped a single sentence from a section dealing with the dangers of a closed capital market. One of the dangers set out was the fact that if capital did not flow into necessary enterprise, the Government would be compelled to enter direct financing of activities supposed to be private. If this happened, "over a period of years, the Government will gradually come to own most of the productive plants of the United States"—this being just what we wanted to avoid. Governor Dewey put this sentence forward as the doctrine advocated, though the entire memorandum showed the exact contrary.

He then built a speech on the theory that this was "your program." The record shows not only that this was not your program, but also that it was not any one's program. In the circumstances this was a clear attempt to play fast and loose with the American public.

The program actually advocated was clearly stated just three paragraphs later:

"In a democratic organization of economy the obvious end should be to permit and require private initiative to do as much of the work as it can, consistent with maintaining the national economy on a reasonably even flow, distributing the burdens and benefits meanwhile that no class will be unduly favored, no class unduly burdened, and a maximum of opportunity be provided for every one to use his abilities usefully with corresponding reward. It is the definite function of the financial system to make this possible at all times."

Governor Dewey knows me quite well. He asked and got my help in getting him the Independent nomination which made possible his election as District Attorney in New York. We served together for two years in New York City. He knows, as does everybody else, that, while I want a finance system that takes care of little people as well as big, I have never been a Communist.

Faithfully yours,
ADOLF A. BERLE, JR.

* * *

HERSHEY'S LETTER

Oct. 13, 1944.

My Dear Mr. President:

Widespread and recurring publicity has been given to a reply which I made to a hypothetical question in a press conference held in Denver in August of this year during my inspection of the state headquarters of Selective Service in that city.

This reply was given as my personal opinion in a field over which I have no responsibility. That fact, I am sure, was understood by all present.

It was clearly indicated by me at the time that my personal opinion was not popular and would probably not be given consideration.

There was no question at this press conference in Denver but that the responsibility for demobilization of the armed forces personnel was a responsibility of the heads of the War and Navy Departments, and not a responsibility of the director of Selective Service.

The interest of the director of Selective Service in demobilization stems from his legal responsibilities for replacing veterans in their former positions or for aiding them in finding new ones. In fact, that was the purpose and the subject matter of the press conference and the circumstances through which the question was asked in Denver.

I have refrained from comment since then with the feeling that the announcements by the War and the Navy Departments subsequent to the time of this press conference clearly indicated the policies of the Government in regard to demobilization.

Representatives of the War Department, the Navy Department and the Selective Service system appeared before the military committee of the House of Representatives prior to the announcement by the War Department of its plan for discharging veterans, a plan evolved after numerous polls of Army personnel.

The committee of the Congress was at that time informed that the needs of the armed forces to defeat Japan and the availability of shipping would be the only regulating factors governing rate of demobilization of personnel after the defeat of Germany. The Selective Service system at that time indicated its intention and desire to carry out its responsibilities based on the plans of the War Department. Mr. Stimson, in his press conference last week, set out clearly the reasons which had been given by War Department representatives in this joint meeting with the Congressional committee on Sept. 5, 1944.

The Selective Service system has been operated by the coordinated efforts of many Americans of divergent political faiths. Partisanship has had no place in Selective Service as the four years' participation by all of the governors of the States testifies.

My non-participation in any activities or any organizations of a political nature has been the continuation of a practice which began with the first Presidential campaign in which I was old enough to vote. I was in the armed forces at that time. I still am an officer of the armed forces.

My political philosophy I believe to a personal affair, but I have never withheld the information that I have been and am a Republican. I have voted whenever it was possible for me to do so. I plan to continue to vote as I believe that to be my right and my duty.

The publicity that has been given to my reply at Denver has tended to attach a significance which is completely out of accord with the facts of the matter. I trust that this information will make clear the circumstances under which the subject matter was discussed.

Respectfully yours,
LEWIS B. HERSHEY.

Results Of Treasury Bill Offering

The Secretary of the Treasury announced on Oct. 16 that the tenders of $1,300,000,000, or thereabouts, of 91-day Treasury bills to be dated Oct. 19 and to mature Jan. 18, 1945, which were offered on Oct. 13, were opened at the Federal Reserve Banks on Oct. 16.

The details of this issue are as follows:

Total applied for, $2.183.869,000.

Total accepted, $1,313,861,000 (includes $59,721,000 entered on a fixed price basis at 99.905 and accepted in full).

Average price 99.905, equivalent rate of discount approximately 0.375% per annum.

Range of accepted competitive bids:

High, 99.909, equivalent rate of discount approximately 0.360% per annum.

Low, 99.905, equivalent rate of discount approximately 0.376% per annum.

(55% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Oct. 19 in the amount of $1,206,589,000.

Reply Of Gov. Dewey To White House Analysis Of His Oklahoma Speech And Berle Letter

The following statement, made available by the Associated Press, en route to St. Louis with Governor Thomas E. Dewey, Republican candidate for President, was issued by Gov. Dewey on Oct. 15 in answer to documents released from the White House:

I have read Mr. Roosevelt's statement issued by him at "the White House" in which he belatedly attempts to answer my speech of three weeks ago at Oklahoma City.

But this statement he puts out is not new. Exactly the same statement was put out by the publicity director of the Democratic party to its speakers ten days before. Mr. Roosevelt has found it necessary to dust it off and issue it with the sponsorship of the White House.

In this statement Mr. Roosevelt confesses that every single statement I made in my Oklahoma City speech was exactly correct down to the last period and comma.

Mr. Roosevelt's failure to prepare this country and the resulting price we have had to pay is established out of the mouths of his own followers. As I have said, I did not intend debating the tragic results of Mr. Roosevelt's total failure of leadership. But the facts are even more clearly etched as a result of his statement of yesterday.

It is the fact that the Chief of Staff of the United States testified that in 1940 our Army was "only 25% ready."

It is the fact that General Arnold, on Jan. 4 of this year stated that "Dec. 7, 1941, found the Army Air Force equipped with plans but not planes."

It is the fact that four months after Pearl Harbor Mr. Roosevelt's current running mate admitted on the floor of the United States Senate the responsibility for the shocking state of our defense program was right in the White House.

It is the fact that both Senator Truman and Senator Barkley have publicly admitted that our nation was not prepared for the attack on Pearl Harbor.

The list is endless. The record is dreadfully bad. It cannot be concealed by epithets or by hiding behind the symbol of the White House.

It is equally amazing that Mr. Roosevelt should find it necessary to get his subordinate and close associate, Mr. Berle, the Assistant Secretary of State, to write him a letter accusing me of "misquoting," "dishonesty" and of having "ripped" a sentence from its context. Mr. Roosevelt also released this from the White House.

Once again, the facts are very simple. Mr. Roosevelt and Mr. Berle again admit my statement that Mr. Berle said in a memorandum:

"Over a period of years, the Government will gradually come to own most of the productive plants of the United States."

Mr. Berle claims that he meant the opposite and cites other language in the memorandum. But he skillfully omits to quote the relevant language in the very same passage from which I have quoted above. It reads:

"If the country desires to make wealth creation a function of government (I personally believe it must do so in larger measure than it has heretofore) the choice should be the considered choice of the country, and not the result of a policy of drift.

"The Government's ability to create wealth efficiently is denied by a good many people. It seems to me a good many of these attacks are unjustified, though I am frankly biased in favor of public ownership of certain forms of wealth."

There is more of the same doctrine in Mr. Berle's memorandum.

The conclusion seems to be that Mr. Roosevelt is continuing the slippery tactics the New Deal has always employed.

It seems regrettable that the man who wants to be President for 16 years should find it necessary to hide behind evasion by his associates and should sink to using the White House to make a headline for a ten-day-old release by the publicity director of his party.

The State of Trade

(Continued from page 1714)

few months of this year. Cutbacks are increasing and the general delivery situation is better than it was a few months ago, notes the magazine.

Cancellation of virtually all of the landing mat program is the biggest single event affecting the steel industry's outlook since production passed over the hump and signs are current that before many weeks have passed the possibilities of greater production of civilian orders will be much brighter. Some mills plan to use newly found rolling mill space, for further cutting down of backlogs, and in the cast of others for soliciting new sheet business to fill the gap.

Should new or additional flat rolled business fail to materialize to replace landing mat cancellations and plate cutbacks, a reduction in raw steel output at some plants may be expected. Plate cutbacks by the Maritime Commission are expected to be steeper at an earlier date than was anticipated, the trade journal notes.

Lend-lease steel requirements for the fourth quarter will reach the lowest point than at any time since this method of supplying the Allies was instituted. Shipments of this type in the final quarter may not even reach 200,000 tons compared with past peak loads of more than 1,000,000 tons per quarter.

Lend-lease steel requirements for the first quarter of 1945 are expected to be a negligible factor in the steel distribution picture. Regular steel export orders have expanded recently, however, the increased tonnage has not been sufficient to offset the decline in lend-lease steel shipments, observes "The Iron Age."

Should the European War continue through the winter months there is adequate capacity and production to take care of urgent war needs and at the same time have an ever-increasing segment of the industry available for civilian output.

With the automobile industry preparing firm post-war orders involving large tonnages, the significance of the revised flat rolled situation between individual steel producers is large. Mills whose plate producing efficiency on converted continuous facilities has been low, will be carefully watched by competitors to see that the plate production directive is equitably cut by WPB to insure that everyone gets an even break in the race for profitable sheet business, the magazine concludes.

The American Iron and Steel Institute announced last Monday that the operating rate of steel companies (including 94% of the industry) will be 97% of capacity for the week beginning Oct. 16, compared with 96.9% one week ago. This week's operating rate is equivalent to 1.745,000 tons of steel ingots and castings, compared with 1.743.200 net tons last week and 1,755,000 tons one year ago.

Electric Production — The Edison Electric Institute reports that the output of electricity increased to approximately 4.375,079 000 kwh. in the week ended Oct. 7 from 4,365,907,000 kwh. in the preceding week. The latest figures approximate a gain of 0.8% from the level of one year ago, when output reached 4,341,754,000 kwh.

Consolidated Edison Co. of New York reports system output of 176,300,000 kilowatt-hours in the week ended Oct. 8, 1944, and compares with 219,800,000 kilowatt-hours for the corresponding week of 1943, or a decrease of 19.7%.

Local distribution of electricity amounted to 167,600,000 kilowatt-hours, compared with 200,100,000 kilowatt-hours for the corresponding week of last year, a decrease of 16.2%.

R. R. Freight Loadings — Carloadings of revenue freight for the week ended Oct. 7 totaled 877,942 cars, the Association of American Railroads announced. This was a decrease of 35,057 cars, or 3.8% below the preceding week this year and a decline of 28,415 cars or 3.1% below the corresponding week of 1943. Compared with a similar period in 1942, a decrease of 31,308 cars, or 3.4% is shown.

Coal Production—The U. S. Bureau of Mines reports production of Pennsylvania anthracite for week ended Oct. 7, 1944, at 1,245,000 tons, a decrease of 91,000 tons (6.8%) from the preceding week, and 75,000 tons, or 5.7% below the corresponding week of 1943. The 1944 calendar year to date shows an increase of 5.3% when compared with corresponding period of 1943.

The report of the Solid Fuels Administration placed bituminous production for the week ended Oct. 7 at 11,620,000 net tons, representing a decrease of 460,000 tons, or 3.8% compared with 12,050,000 tons in the preceding week. Production in the corresponding week of last year amounted to 12,086,000 net tons, while output for Jan. 1 to Oct. 7, 1944, totaled 482,730,000 net tons, as against 456,909,000 tons in the same 1943 period, or a gain of 5.7%.

Estimated production of beehive coke in the United States for the week ended Oct. 7, 1944, as reported by the same source, shows an increase of 1,600 tons when compared with the output for the week ended Sept. 30, last, and a decline of 53,900 tons from the corresponding week of 1943.

Copper Output in September—Crude copper production in September dropped to 82,572 tons from 82,769 in the preceding month and output of the refined metal slumped to 88,384 tons from 91,047 tons, as noted by the Copper Institute. Domestic deliveries for the month amounted to 118,054 tons as against 139,515 tons in August.

Silver—The London market for silver was unchanged at 23½d. The New York Official for foreign silver continued at 44¾c, with domestic silver at 70⅝c.

Lumber Shipments — The National Lumber Manufacturers Association reports that lumber shipments of 504 reporting mills were 4.9% below production for the week ended Oct. 7, while new orders of these mills were 2.9% less than production for the same period. Unfilled order files amounted to 100% of stocks.

For 1944 to date, shipments of reporting identical mills exceeded production by 3.0% and orders ran 6.1% above output.

Compared to the corresponding weeks of 1935-39, production of reporting mills was 16.8% greater, shipments 13.7% greater, and orders 15.5% greater.

Crude Oil Production — Daily average gross crude oil production for the week ended Oct. 7, as estimated by the American Petroleum Institute, was 4.691,550 barrels. This represented a decrease of 70,750 barrels from the preceding week, and a decline of 16,950 barrels from the daily average figure recommended by the Petroleum Administration for War for the month of Oct., 1944. When compared with the corresponding week last year, crude oil production was 301,250 barrels per day higher. For the four weeks ended Oct. 7, 1944, daily output averaged 4,735,800 barrels.

Reports from refining companies indicate that the industry as a whole ran to stills (on a Bureau of Mines basis) approximately 4,506,000 barrels of crude oil daily and produced 14,252,000 barrels of gasoline. Kerosene output totaled 1,271,000 barrels, with distillate fuel oil placed at 4,706,000 barrels and residual fuel oil at 8,676,000 barrels during the week ended Oct. 7, 1944. Storage supplies at the week-end totaled 78,554,000 barrels of gasoline; 14,322,000 barrels of kerosene; 46,078,000 barrels of distillate fuel, and 64,644,000 barrels of residual fuel oil. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

Paper Production — Paper production for the week ended Oct. 7 was at 96.1% of capacity as against 95.2% of capacity in the preceding week, the American Paper and Pulp Association's index of mill activity disclosed. The rate during the week ended Oct. 9, last year, was 90.9% of capacity. As for paperboard, production for the same period was reported at 96% of capacity, compared with 95% in the preceding week.

Business Failures — Business failures in the United States for the week ended Oct. 5 advanced to 27 from 15 in the preceding week and compared with 42 a year ago, according to Dun & Bradstreet. Insolvencies with liabilities of $5,000 or more amounted to 19 against 11 in the preceding week and 20 a year earlier. There were three Canadian failures compared with two a week earlier, and unchanged from a year ago.

Retail and Wholesale Trade—Reports from department and other stores reveal that retail buying for the country as a whole rose sharply during Columbus Day and registered gains of from 10 to 15% the past week, touching levels reached usually just before Christmas. Candies and cigarettes were especially in demand with the rate of buying curtailed only by shortages. Apparel too, attracted much attention, but shortages as in other lines, worked to hold down volume. The wholesale field also was confronted with the same problem, states Dun & Bradstreet.

In retail buying greater concentration was noted on gifts for men overseas. Buying was also strong in accessories and sports wear. The call for black dresses of better quality was large. Men's suits showed an expansion in volume, though the increases everywhere have been less this month than they were in September. House furnishings and wares usually in good demand at this season were handicapped by lessening inventories.

The food store business held to the pace developed in the previous week, which was one moderately improved over that of a year ago. Rationed meats continued scarce, while poultry was in plentiful supply. Throughout the country retail increases as reported by Dun & Bradstreet were estimated at 8 to 14% above this time last year. Regional percentages show New England, 5 to 9%; East. 12 to 16%; Middle West, 7 to 11%; Northwest, 8 to 12%; South, 14 to 18%; Southwest. 3 to 7% and the Pacific Coast 11 to 15% higher.

A slight increase was noted in the wholesale food field the past week over the same period a year ago. Demand for fancy groceries was especially good and trading in fresh produce held steady. As for sugar, orders showed a falling off for the first time, but butter continued scarce.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index, were 16% ahead of a year ago for the week ended Oct. 7. For the four weeks ended Oct. 7, 1944, sales increased by 12%. An 8% increase in department store sales for the year to Oct. 7, 1944, over 1943, was also noted.

Marked improvement was noted in retail trade here in New York the past week when compared with one year ago. Estimates according to the New York "Times" placed department store volume at about 20% above that of 1943. Columbus Day helped trade materially and this factor also contributed to the higher sales volume for the country as a whole. In the outer garment line demand suffered to some extent due to fairly moderate weather. In the wholesale markets tight supply conditions ruled. The opening for spring sportswear took place in the week and heavy orders were booked. Orders will be filled on an allotment basis by manufacturers.

According to the Federal Reserve Bank's index, department store sales in New York City for the weekly period to Oct. 7 increased by 17% over the same period of last year. This compared with a revised figure of 19% in the preceding week. For the four weeks ended Oct. 7 sales rose by 12%, and for the year to Oct. 7 they improved by 9%.

Business Failures Lower—Liabilities Up In September

Business failures in September were lower in number but the amount of liabilities involved was higher than in August and in September a year ago. Business insolvencies, according to Dun & Bradstreet, Inc., totaled 75 and involved $4,065,000 liabilities as compared with 77 in August involving $1,054,000 liabilities and 124 involving $1,488,000 in September a year ago.

The Manufacturing and Retail groups had fewer failures in September than in August, the Construction and Commercial Service groups had more failures in September than in August, while the Wholesale group had the same number. When liabilities are considered it is found that only the Retail group had a smaller amount of liabilities involved in September than in August.

Manufacturing failures last month numbered 24, involving $3,288,000 liabilities compared with 28 in August with $557,000 liabilities. Wholesale failures numbered 5, the same as in the previous month but liabilities increased to $188,000 from $86,000 in August. In the Retail Trade section insolvencies were down from 32 to 26 and liabilities from $272,000 to $161,000. Construction failures rose from 9 in August to 12 in September and liabilities from $123,000 to $273,000. Commercial Service failures numbered 8 in September against 3 in August and liabilities $155,000 in September against $16,000 in August.

When the country is divided into Federal Reserve Districts it is found that the Boston, New York, Philadelphia and Richmond Reserve Districts had fewer failures in September than in August, the St. Louis, Kansas City and Dallas Reserve districts had the same number and the remaining districts show more failures in September than in August. When the amount of liabilities involved is considered, it is found that the Boston, Philadelphia and Richmond Reserve districts had less liabilities involved in September than in August, while all of the remaining districts had more. The Richmond Reserve District is distinguished by not having had any failures.

War Loans And Commitments To Manufacturers By Banks Exceed $8,000,000,000 Says ABA

War production loans to manufacturers of the nation and commitments for such loans reported as outstanding on June 30, 1944, by 430 of the country's larger banks aggregated $8,166,632,106, according to the semi-annual survey of the American Bankers Association released for publication on Oct. 5. The survey is conducted by the Association by means of a questionnaire addressed to the 500 largest banks. Of these, the 430 supplied data on their war production lending activities, as against 436 banks in the previous survey which covered loans and commitments outstanding Dec. 31, 1943. The advices from the Association state:

"Of this $8,166,632,106 of total war loans and commitments by the banks outstanding on June 30, $7,875,286,080 represents loans and commitments for war supplies and materials and is an increase of $128,299,157 above the $7,746,986,923 reported in a previous survey. The larger figure on June 30, even though reported by fewer banks, reflects the increasing quantities of arms and supplies flowing from the factories financed by loans from the banks. The remaining $291,346,026 represents loans and commitments for building of war plants and factories, compared with $678,891,230 for the same purpose as of Dec. 31 and is a reflection of the completion of America's war workshop.

"The total $8,166,632,106 of loans and commitments for loans reported by 430 banks on June 30 was $259,246,047 lower than the $8,425,878,153 reported by 436 banks for Dec. 31. The lower total for June 30 is attributable to fewer reporting banks as well as the completion of war contracts for factory construction."

FDR To Name Justice Byrnes For Interim Term As War Mobilization And Reconversion Chief

The appointment of Justice James F. Byrnes for an interim term as War Mobilization and Reconversion Director was made known by President Roosevelt on Oct. 3, on which date the signing of the bill (recently enacted by Congress) was announced.

In his statement the President said:

"Under the law creating the new Office of War Mobilization and Reconversion the appointment of a director must be confirmed by the Senate. The Senate will not be in session until Nov. 14.

"Justice Byrnes has agreed to accept an interim appointment as director and will serve until the Congress reconvenes, at which time I will send to the Senate for confirmation the appointment of a director who will serve for the two-year term provided in the statute.

"Two years ago I asked Justice Byrnes to leave the Supreme Court and assist me in the war effort. He has done a magnificent job. His contribution to the successful prosecution of the war is recognized by a grateful nation.

"I fully understand Justice Byrnes's expressed desire not to remain as director for two more years. I have assured him that I will not ask him to continue to serve as Director beyond the interim term."

ABA Savings & Mortgage Conference At Atlanta

Various aspects of the financial services which banks will render to returning veterans in accordance with the "G. I. Bill of Rights" will be discussed at a two-day savings and real estate mortgage conference sponsored by the Savings Division of the American Bankers Association, which will be held at the Hotel Ansley in Atlanta, Ga., on November 9 and 10, according to H. R. Templeton, President of the Division, who is also Vice-President of the Cleveland Trust Co., Cleveland, Ohio.

Bankers from the seven southern States of Florida, Georgia, South Carolina, Alabama, Tennessee, Louisiana and Mississippi will be in attendance during the two days. The first day of the conference, on November 9, will be devoted to a discussion of savings banking, while the second day will be divided between a real estate mortgage conference in the morning, and the afternoon will be given over to a review of the "G. I. Bill," it was announced by Mr. Templeton, who will preside at the sessions on both days.

W. Randolph Burgess, President of the American Bankers Association, and Dr. William A. Irwin, economist of the Association, will address the morning session of the savings conference on Nov. 9, which will be called to order by Mills B. Lane, Jr., Chairman of the Arrangements Committee, who is First Vice-President of the Citizens and Southern National Bank, Atlanta. Adding to the interest in the address by Mr. Burgess is the fact that besides being President of the Association, he is also Vice-Chairman of the Board of the National City Bank of New York, which stresses the importance of its savings department.

Dr. Irwin will speak on "Savings — An Economic Imperative."

An open forum on savings banking will be held during the afternoon of Nov. 9, which will be led by Dr. Irwin and discussed by Mr. Lane and one other prominent southern banker. According to a tentative program for the sessions on Nov. 10, Ernest M. Fisher, director of research in mortgage and real estate of the American Bankers Association, will speak during the morning mortgage conference on "Making Mortgage Loans" and will later lead an open forum and discussion on the subject which will be guided by two southern bankers experienced in that field.

The afternoon will be given over to a thorough review of banking's responsibilities under the "G. I. Bill" and the program will consist of three addresses discussing its legal and technical aspects from the standpoint of banks as well as mortgage loans which may be granted under its provisions and the public relations involved. An open forum will follow to be led by a member of the Association's legal staff, and two bankers familiar with the bill and competent to interpret its provisions.

Veterans Bur. Explains Loan Arrangements Of GI Bill Of Rights

An explanation of the basic interest and guarantee arrangements for loans to veterans under the G. I. Bill of Rights was made public on Oct. 14 in Washington by the Veterans Administration, according to an Associated Press dispatch from Washington on that day given in the New York "Herald-Tribune," which went on to say:

At the same time, Harold W. Breining, assistant administrator in charge of finance and insurance, denied assertions of some banking groups that the bill and the final draft of regulations will lay the homecoming service man open to jerry-builders and land sharks.

Emphasizing that not only the bill but the tentative regulations to govern the administration of it are necessarily complicated, the Veterans Administration explained how the bill would work under the two separate lending plans.

One of these, Section 501, provides for loans to be made by any one, with the Veterans Administration guaranteeing up to 50%, or not to exceed $2,000. The Veterans Administration will pay the first year's interest on the part it guarantees. The alternate, Section 505, provides for 100% Federal guarantee or insurance of the money loaned, with a selected Federal agency making, guaranteeing or insuring the principal loan and the Veterans Administration limited to an additional $2,000 or 20% of the total.

Taking loans of $10,000 as examples, the Veterans Administration offered this explanation: Under Section 501: Loan, $10,000. Lender: Any one.

Interest: 4%, or $400 a year with the provisions that the Veterans Administration will pay $80 representing the first year's interest at 4% on $2,000, the amount guaranteed by the Veterans Administration.

Under Section 505: Loan: $10,000. Lender: A Federal agency.

Interest: (paid by veteran) 4½% plus ½% insurance charge. on $8,000 of the total amount loaned; 4% interest on the remaining $2,000. Thus the veteran will pay annual interest of $400 on $8,000 and $80 on $2,000 for a total of $480. He still will get the same prepayment by the Veterans Administration of the first year's interest on its part in the loan.

Either of these borrowing opportunities is open to the veteran. Some bankers have raised the contention that the first plan. with no provision for Federal Housing Authority inspection or appraisal on any building bought or built, does not provide the veteran with proper guards against crooked builders or crooked real estate dealers. The Veterans Administration emphasizes, however, that, before it completes the regulations for loans to the service personnel, adequate guards will be set up.

Morgenthau's Plan To Strip Germany Of Its Industry Criticized As "Utter Nonsense"

Secretary Morgenthau's plan to strip Germany of its industry suggests "mental bankruptcy," according to "Industrial and Engineering Chemistry," publication of the American Chemical Society, of which Walter J. Murphy is editor. Direct supervision of the industries of the Reich under scientific leadership is urged.

"The idea of turning a nation of some 80,000,000 people, in fact the most industrialized nation in Europe, into an agricultural country exclusively is utter nonsense," the journal says editorially. "We are, indeed, admitting complete mental bankruptcy if this is the only plan we can devise to assure peace in Europe." The editorial added:

"Germany's criminal and militaristic classes must be punished according to their crimes against civilization. Her industries must be directly supervised for many years to come by scientifically trained individuals who will be able to detect and prevent the prostitution of science and industry for war purposes.

"She must provide the labor to help restore the devastated countries, the close tie between the military and industry must be eliminated, and the large trusts broken up. This, together with gradual reeducation of the German masses, constitutes the best means of preventing another world holocaust. Now is the time when our scientific leadership must assume a great responsibility and statesmen must accord it an opportunity to assist in maintaining the peace of the world."

Training For Business

(Continued from first page)

those who have these qualities will make a success in life whether or not they ever see the inside of a college; while young people lacking these qualities could never amount to anything with a dozen Ph.Ds.

What is the reason and what is the answer? Educators tell us that it's a question of inheritance and home training, but I believe it is much more than this. There is something physically and spiritually wrong with a boy who has not these vital qualities. His brain, eyes, ears or his glands need physical attention. Educators should go about stamping out ignorance, faulty judgment, laziness, etc., as physicians have stamped out smallpox, cholera and typhoid fever.

Colleges 50 Years Hence

The preachers should be of greater help in re-generating youth. Jesus hit the educational nail on the head when He said that we all must be born again in order to amount to anything. I am much interested in what the mental experts are accomplishing at certain state insane asylums. It seems paradoxical that the laboratories in these asylums may solve the educational problem of the schools and colleges; but present experiments are pointing that way.

The Babson Institute of 1994 will have a surgical department to operate on the glands and a dietary kitchen to supply certain students with needed minerals which they lack because of their home soil conditions. I am told that dumping students in ice water has waked them up and has changed the entire course of their lives. At any rate, only when we have discovered a foolproof method of arousing youth spiritually and mentally, will we be able to pay our present public debts of $300,000,000,000.

Broome Heads Group For Sixth War Loan

Robert E. Broome, Vice-President of the Guaranty Trust Company of New York has been appointed director of the Banking and Investment Division of the War Finance Committee for New York, it was announced by Frederick W. Gehle, State Chairman.

Mr. Broome, whose headquarters will be located at 33 Liberty Street, in the heart of the financial district, will direct the sales efforts of the 17 commercial bank, dealer, savings bank, and savings and loan association teams during the Sixth War Loan. He succeeds William R. White, also a Vice-President of the Guaranty Trust, who has been made vice-chairman of the State committee.

Mr. Broome, a native of New York City, was educated at New York University, and served during the last war in the U. S. Marine Corps. Following the war he was associated with Paine Webber Company, and in 1920 joined the Bond Department of the National Bank of Commerce. In 1926 he became assistant cashier of that bank, and in 1928 he was made second vice-president. He joined the Guaranty Trust Company in 1929, and in that same year was appointed a vice-president. He resides in North Tarrytown, New York.

From Washington Ahead Of The News

(Continued from first page)

it a point of Hoover's honor. The result is well known. Over a period of many months, when tariff revision was brought up, a coalition of Western Progressives and Southern Democrats wrote the rates, increasing agricultural protection and denying increased industrial protection.

But in the trading back and forth the coalition was broken in the last few weeks of consideration of the measure. The Eastern bloc moved in and completely rewrote the bill with the result that we got the Hawley-Smoot monstrosity. Then and there Hoover's political death warrant was signed.

We bring this up by way of saying that the jitteriness now is almost solely confined to the New Dealers. They are bordering on panic. The gentleman may be wrong, but the most confident man in the country today is Governor Dewey. And the more the New Dealers contemplate what they consider his sheer audacity the more hysterical they become. Watching them as they listen to the Governor on the radio it is downright amusing at the way they squirm in their seats and get red in the face when Dewey refers to their man "as the man who wants to be President for 16 years."

If the Governor keeps it up, a lot of New Dealers are going to have apoplexy. Ever since Dewey's name came into the Presidential speculation, back in pre-Convention days of 1940, he is the only one who actually made them see red. They look upon him and they are trying hard to picture him to the country as a contemptible little upstart. We frequently wondered whether their contempt for him was genuine or whether they were actually afraid of him. We have come to the conclusion that it is the latter. They have known all along that of all the Republican possibilities. he would make the most effective campaign. And as the realization dawns that their "little upstart" campaign against him has backfired, their panicky despise increases.

He is lifting the eyebrows of the ultraconservatives, the ultraconservative press with his hard-hitting, but he is talking to the man in the street just as Roosevelt does, and he is warming the hearts of the party workers. Of that, there is no doubt. Occasionally we have thought he was making slips, only to learn from a later speech that he knew just exactly what he was doing.

We thought, for example, he had let himself in for something when he used the General Hershey statement on demobilization of the boys, when the New Deal intentions could have better been cited with statements and actions on the part of those closer to the throne. We feared he would be criticized by the ultraconservative press of his own party. And he was. But then it developed he was just waiting for the New Dealers to wade in so he could let them have another wallop, which he has just done by pointing out that Hershey's idea came from the National Resources and Planning Board headed by the President's own uncle, Frederic A. Delano. The way he has been conducting his campaign he has had the New Dealers denying and screaming misrepresentation from the beginning. And from a crowd that has been past master in the art of misrepresentation, this is funny, indeed.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table.

MOODY'S BOND PRICES†
(Based on Average Yields)

1944— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
Oct. 17	119.58	112.56	118.40	116.80	112.93	103.30	107.27	113.70	117.40
16	119.61	112.75	118.60	117.00	112.93	103.47	107.27	114.08	117.40
14	119.61	112.75	118.60	116.80	112.93	103.47	107.27	114.08	117.20
13	119.61	112.75	118.60	117.00	112.93	103.47	107.27	114.08	117.20
12	STOCK EXCHANGE CLOSED								
11	119.61	112.75	118.60	117.00	112.93	103.47	107.27	114.08	117.20
10	119.52	112.75	118.60	117.00	112.75	103.30	107.09	114.08	117.20
9	119.52	112.75	118.60	117.00	112.75	103.30	107.09	114.08	117.20
7	119.52	112.75	118.80	117.00	112.75	103.30	107.09	114.08	117.20
6	119.52	112.75	118.60	117.00	112.75	103.30	106.92	114.08	117.20
5	119.48	112.56	118.60	117.00	112.56	103.30	106.92	114.08	117.20
4	119.48	112.56	118.60	117.00	112.56	103.30	106.92	114.08	117.20
3	119.45	112.56	118.60	117.00	112.56	103.13	106.74	114.08	117.20
2	119.50	112.56	118.60	117.00	112.56	103.13	106.74	114.08	117.20
Sep. 29	119.50	112.56	118.60	116.80	112.56	103.13	106.74	114.08	117.00
22	119.22	112.56	118.60	117.20	112.37	103.13	106.74	114.08	117.20
15	119.42	112.56	118.80	117.20	112.19	103.13	106.74	114.27	117.20
8	119.48	112.56	118.80	117.20	112.00	103.13	106.74	114.27	117.00
1	119.81	112.56	118.80	117.20	112.00	103.13	106.74	114.27	117.20
Aug. 25	119.89	112.75	118.80	117.40	112.19	103.30	106.74	114.27	117.20
18	119.84	112.56	118.60	117.20	112.37	103.30	106.92	114.08	117.20
11	119.84	112.56	118.60	117.00	112.37	103.30	106.92	114.08	117.20
4	120.08	112.56	118.80	117.00	112.19	103.30	106.74	114.08	117.20
July 28	120.10	112.37	118.60	116.80	112.19	103.13	106.56	114.27	117.00
21	120.18	112.56	118.60	117.00	112.19	103.13	106.56	114.27	117.20
14	120.23	112.56	118.60	117.20	112.19	103.13	106.39	114.08	117.40
7	120.27	112.56	118.60	117.00	112.37	102.96	106.21	114.08	117.40
June 30	120.15	112.37	118.60	116.80	112.00	102.80	106.04	113.89	117.40
May 26	119.66	112.19	118.40	116.80	111.81	102.30	105.86	113.89	117.00
Apr. 28	119.35	111.81	118.40	116.61	111.62	101.47	105.34	113.70	116.41
Mar. 31	119.68	111.44	118.20	116.41	111.25	100.81	104.66	113.70	116.22
Feb. 25	120.21	111.25	118.20	116.41	111.07	100.32	104.31	113.50	116.22
Jan. 28	119.47	111.07	118.20	116.22	111.07	100.16	104.14	113.31	116.41
High 1944	120.44	112.75	118.80	117.40	112.93	103.47	107.27	114.27	117.40
Low 1944	119.20	110.70	118.20	116.22	110.88	99.04	103.30	113.12	116.02
High 1943	120.87	111.44	119.41	117.00	111.81	99.36	103.47	114.27	117.40
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
1 Year Ago									
Oct. 16, 1943	120.31	111.07	119.20	116.61	111.25	99.04	103.30	113.89	116.61
2 Years Ago									
Oct. 17, 1942	117.37	107.44	117.00	114.08	108.70	92.50	97.31	111.81	114.46

MOODY'S BOND YIELD AVERAGES
(Based on Individual Closing Prices)

1944— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
Oct. 17	1.86	3.03	2.73	2.81	3.01	3.55	3.32	2.97	2.78
16	1.85	3.02	2.72	2.80	3.01	3.54	3.32	2.95	2.78
14	1.85	3.02	2.72	2.81	3.01	3.54	3.32	2.95	2.79
13	1.85	3.02	2.72	2.80	3.01	3.54	3.32	2.95	2.79
12	STOCK EXCHANGE CLOSED								
11	1.85	3.02	2.72	2.80	3.01	3.54	3.32	2.95	2.79
10	1.85	3.02	2.72	2.80	3.02	3.55	3.33	2.95	2.79
9	1.85	3.02	2.72	2.80	3.02	3.55	3.33	2.95	2.79
7	1.85	3.02	2.71	2.80	3.02	3.55	3.33	2.95	2.79
6	1.85	3.02	2.72	2.80	3.02	3.55	3.34	2.95	2.79
5	1.85	3.03	2.72	2.80	3.03	3.55	3.34	2.95	2.79
4	1.85	3.03	2.72	2.80	3.03	3.55	3.34	2.95	2.79
3	1.85	3.03	2.72	2.80	3.03	3.56	3.35	2.95	2.79
2	1.84	3.03	2.72	2.80	3.03	3.56	3.35	2.95	2.79
Sep. 29	1.84	3.03	2.72	2.81	3.03	3.56	3.35	2.95	2.80
22	1.86	3.03	2.72	2.79	3.04	3.56	3.35	2.95	2.79
15	1.83	3.03	2.71	2.79	3.05	3.56	3.35	2.94	2.79
8	1.84	3.03	2.71	2.79	3.06	3.56	3.35	2.94	2.80
1	1.81	3.03	2.71	2.79	3.06	3.56	3.35	2.94	2.79
Aug. 25	1.81	3.02	2.71	2.78	3.05	3.55	3.35	2.94	2.79
18	1.81	3.03	2.72	2.79	3.04	3.55	3.34	2.95	2.79
11	1.81	3.03	2.72	2.80	3.04	3.55	3.34	2.95	2.79
4	1.79	3.03	2.71	2.80	3.05	3.55	3.35	2.95	2.79
July 28	1.79	3.04	2.72	2.81	3.05	3.56	3.36	2.94	2.80
21	1.79	3.03	2.72	2.80	3.05	3.56	3.36	2.94	2.79
14	1.78	3.03	2.72	2.79	3.05	3.56	3.37	2.95	2.78
7	1.78	3.03	2.72	2.80	3.04	3.57	3.38	2.95	2.78
June 30	1.79	3.04	2.72	2.81	3.06	3.58	3.39	2.96	2.78
May 26	1.84	3.05	2.73	2.81	3.07	3.61	3.40	2.96	2.80
Apr. 28	1.86	3.07	2.73	2.82	3.08	3.66	3.43	2.97	2.83
Mar. 31	1.83	3.09	2.74	2.83	3.10	3.70	3.47	2.97	2.84
Feb. 25	1.81	3.10	2.74	2.83	3.11	3.73	3.49	2.98	2.84
Jan. 28	1.87	3.11	2.74	2.84	3.11	3.74	3.50	2.99	2.83
High 1944	1.87	3.13	2.74	2.84	3.12	3.81	3.55	3.00	2.85
Low 1944	1.77	3.02	2.71	2.78	3.01	3.54	3.32	2.94	2.78
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.79	3.09	2.68	2.80	3.07	3.79	3.54	2.94	2.78
1 Year Ago									
Oct. 16, 1943	1.82	3.11	2.69	2.82	3.10	3.81	3.55	2.96	2.82
2 Years Ago									
Oct. 17, 1942	2.05	3.31	2.80	2.95	3.24	4.24	3.92	3.07	2.93

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

Commercial And Savings Bank Assets On June 30 Established New High Of $139,560,000,000

The total assets of all commercial and savings banks in the United States and possessions on June 30, 1944 reached a new peak of $139,560,000,000, Comptroller of the Currency Preston Delano announced on Oct. 4. This figure, which covers the returns of the 14,598 active banks of all classes, exceeds by $22,308,000,000, or 19.03% the total assets of banks on June 30, 1943, said Mr. Delano, who pointed out that consolidated figures for all active banks are made possible through the cooperation of State supervisory authorities who furnish the Comptroller with summaries of the returns of banks under their supervision. From the Comptroller's announcement we also quote:

"The total deposits of banks on June 30, 1944 amounted to $129,367,000,000, also a new peak, in comparison with $107,784,000,000 at the end of June in 1943, an increase of $21,583,000,000, or 20.02%. Demand deposits of individuals, partnerships and corporations were $58,421,000,000, an increase of $4,134,000,000 in the year, or 7.62%; time deposits of individuals, partnerships and corporations were $33,441,000,000 an increase of $5,024,000,000, or 17.68%, and deposits of U. S. Government, including postal savings, were $19,651,000,000, an increase of $11,487,000,000, or 140.70%.

"At the end of June, 1944 the banks held obligations of the U. S. Government, direct and guaranteed, of $76,130,000,000, as compared to $57,963,000,000 at the end of the previous June, an increase of $18,167,000,000. Obligations of States and political subdivisions held on June 30, 1944 amounted to $3,640,000,000, a decrease for the year of $135,000,000, but an increase of $76,000,000 since the end of December, 1943. Other securities held decreased $199,000,000 in the year, and amounted to $3,947,000,000. The aggregate of all securities held by the banks on June 30, 1944 was $83,717,000,000 and represented 59.99% of their total assets.

"Loans and discounts amounted to $25,504,000,000, an increase of $3,180,000,000, or 14.24%, since June, 1943.

"Cash and balances with other banks, including reserve balances, on June 30, 1944 amounted to $28,329,000,000, which was an increase of $1,512,000,000 in the year, but a decrease of $283,000,000 since December, 1943.

"Total capital accounts on June 30, 1944 were $9,356,000,000, compared with $8,791,000,000 on June 30, 1943, an increase of $565,000,000."

Electric Output For Week Ended Oct. 14, 1944 Slightly Lower Than In Same Week In 1943

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Oct. 14, 1944 was approximately 4,354,575,000 kwh., compared with 4,382,260,000 kwh. in the corresponding week a year ago, a falling off of 0.6%. The output for the week ended Oct. 7, 1944, was 0.8% higher than that of the similar period in 1943.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended— Oct. 14	Oct. 7	Sept. 30	Sept. 23
New England	1.0	0.5	*0.3	0.6
Middle Atlantic	*5.0	*3.4	*4.9	*4.0
Central Industrial	1.6	2.8	2.3	2.2
West Central	5.4	7.9	4.6	6.4
Southern States	3.5	5.7	5.7	5.9
Rocky Mountain	*12.6	*10.3	*10.2	*9.6
Pacific Coast	*2.0	*4.2	*1.4	*1.9
Total United States	*0.6	0.8	0.2	0.4

*Decrease under similar week in 1943.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1944	1943	% Change over 1943	1942	1932	1929
July 1	4,327,359	4,110,793	+ 5.3	3,424,188	1,341,730	1,592,075
July 8	3,940,854	3,919,398	+ 0.5	3,428,916	1,415,704	1,711,625
July 15	4,377,152	4,184,143	+ 4.6	3,565,367	1,433,903	1,727,225
July 22	4,380,930	4,196,357	+ 4.4	3,625,645	1,440,386	1,732,031
July 29	4,390,762	4,226,705	+ 3.9	3,649,146	1,426,986	1,724,728
Aug. 5	4,399,433	4,240,638	+ 3.7	3,637,070	1,415,122	1,729,667
Aug. 12	4,415,368	4,287,827	+ 3.0	3,654,795	1,431,910	1,733,110
Aug. 19	4,451,076	4,264,824	+ 4.4	3,673,717	1,436,440	1,750,056
Aug. 26	4,418,298	4,322,195	+ 2.2	3,639,961	1,464,700	1,761,594
Sept. 2	4,414,735	4,350,511	+ 1.5	3,672,921	1,423,977	1,674,588
Sept. 9	4,227,900	4,229,262	— 0.0	3,583,408	1,476,442	1,806,259
Sept. 16	4,394,839	4,358,512	+ 0.8	3,756,922	1,490,863	1,792,131
Sept. 23	4,377,339	4,359,610	+ 0.4	3,720,254	1,499,459	1,777,854
Sept. 30	4,365,907	4,359,003	+ 0.2	3,682,794	1,505,219	1,819,276
Oct. 7	4,375,079	4,341,754	+ 0.8	3,702,299	1,507,503	1,806,403
Oct. 14	4,354,575	4,382,260	— 0.6	3,717,360	1,528,145	1,798,633
Oct. 21		4,415,405		3,774,891	1,525,410	1,815,749
Oct. 28		4,413,863		3,761,961	1,520,730	1,798,164

Bank Debits For Month Of September

The Board of Governors of the Federal Reserve System issued on Oct. 10 its usual monthly summary of "bank debits," which we give below:

SUMMARY BY FEDERAL RESERVE DISTRICTS
(In millions of dollars)

Federal Reserve District—	Sept. 1944	Sept. 1943	—3 Months Ended— Sept. 1944	Sept. 1943
Boston	3,103	4,051	9,376	10,460
New York	29,109	30,373	88,357	79,986
Philadelphia	3,075	3,544	9,291	9,492
Cleveland	4,746	5,205	14,201	13,877
Richmond	2,701	2,935	7,827	7,791
Atlanta	2,457	2,513	7,306	6,894
Chicago	10,902	12,293	33,315	32,288
St. Louis	2,007	2,218	5,950	5,815
Minneapolis	1,430	1,620	4,112	4,241
Kansas City	2,383	2,473	7,313	6,920
Dallas	2,094	2,150	6,144	5,746
San Francisco	6,382	6,382	19,229	18,209
Total, 334 centers	70,389	75,758	212,422	201,718
*New York City	26,860	27,913	81,499	73,110
*140 other centers	36,765	40,452	110,685	108,765
193 other centers	6,764	7,393	20,238	19,843

*Included in the national series covering 141 centers, available beginning in 1919.

Harrow Says War Contractors Should Not Be Assessed Before Renegotiation

Urges Fair Basis Under New York Franchise Tax Law

A change in the New York State franchise tax law to relieve war contractors who, at present, are forced to pay on the basis of net income calculated before Federal renegotiation of excess profits, was urged Oct. 11 by Benjamin Harrow, Chairman of the State taxation committee of the New York State Society of Certified Public Accountants, in a letter to Rollin H. Browne, President of the State Tax Commission.

"The purpose of renegotiation, to eliminate excess war profits, should also apply to States and communities which derive a tax measured by estimating profits before completion of renegotiation," Mr. Harrow declared in asking Commissioner Browne to recommend to the Legislature a change in State tax laws which would rectify this condition. He further stated:

"Our recommendations, if adopted by the Legislature, would permit deduction from franchise tax returns filed before May 15th of the renegotiation adjustment from the income of the year to which the deduction applies, provided the Federal adjustment has been made at any time between Jan. 1 and May 15. This would take place before payment of the franchise tax to the State which, in turn, distributes such taxes among the communities."

Under the present law, according to Mr. Harrow, repayments to the Federal Government of excessive profits are not deductible unless the renegotiation was finally determined during the tax year affected. Instead, the reduction in franchise tax which would have resulted if the deduction had been permitted may be taken as a credit against franchise tax payable in succeeding years. Such credit is allowable for as many subsequent years as are necessary to absorb it. In his letter Mr. Harrow also said:

"If the renegotiation has been completed prior to the payment of the second half of the franchise tax, but after filing of the return, the renegotiation adjustment should be allowed as a deduction from income for the year upon which the adjustment is based. Necessarily, this would require the filing of an amended return. This provision would apply to any renegotiation adjustments completed between May 15 and Dec. 31. Here, too, the effect would be to allow the deduction before actual payment of the second half of the tax which is turned over to the communities. Adoption of these recommendations would leave open for consideration the renegotiation adjustment consummated after payment of the franchise tax. This confines the subject to such an extent that possibly it could be considered by the Tax Commission in the same manner as other adjstments to taxable net income by the Bureau of Internal Revenue. These are disposed of as a matter of course regularly by the State Tax Commission, in view of their nominal effect upon the revenues of municipalities.

"As an alternative, you might consider permitting the companies affected to defer payment of a reasonable amount of the franchise tax to cover the anticipated effect of renegotiation based upon their past renegotiation experience. That would conform with the requirements of the Securities and Exchange Commission and would be recognized as good accounting practice in the preparation of financial statements.

"We are confident that further review of the subject by the Tax Commission should result in constructive recommendations to the Legislature, aimed at curing the present hardships and difficulties imposed on those taxpayers subject to renegotiation."

Export Freight Movement Up

Cars of export freight, excluding coal and grain, handled through United States ports totaled 166,360 in the month of September and compared with 134,217 cars in September, 1943, or an increase of 24%, the Association of American Railroads announced on Oct. 14. The current figure also compares with 156,902 cars in August of this year.

The Association further reported as follows:

Export grain unloaded at the ports, totaled 3,151, compared with 2,842 in September 1943, or an increase of 11%.

The railroads handled 248 carloads of coastal freight in September, 1944, compared with 714 in the same month in 1943, or a decrease of 65%.

The total of 169,759 cars of export and coastal freight, excluding coal handled through the ports represented an average daily unloading of 5,659 cars, the highest on record. This also is the seventh consecutive month that the average daily unloading has exceeded 5,000 cars.

Moody's Daily Commodity Index

Tuesday, Oct. 10, 1944	249.1
Wednesday, Oct. 11	249.5
Thursday, Oct. 12	*
Friday, Oct. 13	249.0
Saturday, Oct. 14	249.1
Monday, Oct. 16	249.1
Tuesday, Oct. 17	249.0
Two weeks ago, Oct. 3	252.5
Month ago, Sept. 16	248.7
Year ago, Oct. 17, 1943	248.1
1943 High, April 1	249.8
Low, Jan. 2	240.2
1944 High, Oct. 3	252.5
Low, Jan. 5	247.0

*Holiday.

Moody's have revised their Commodity Index as follows:

Sept. 11	248.6	Sept. 27	251.6
12	249.1	28	251.7
13	249.0	29	251.9
14	248.8	30	252.1
15	248.8		
16	248.7	Oct. 2	252.1
18	249.2	3	252.5
19	249.1	4	250.7
20	248.8	5	250.6
21	249.4	6	250.0
22	249.4	7	250.4
23	249.4	9	250.5
25	251.8	10	249.1
26	251.1	11	249.5

Market Value Of Bonds On N. Y. Stock Exchange

The New York Stock Exchange announced on Oct. 10 that as of the close of business Sept. 30, there were 1,062 bond issues, aggregating $101,398,754,393 par value listed on the New York Stock Exchange with a total market value of $102,017,012,414. This compares with 1,059 bond issues aggregating $101,581,322,714 par value; total market value $102,328,885,992; average price of 100.74 on Aug. 31.

In the following table listed bonds are classified by governmental and industrial groups with the aggregate market value and average price for each:

Group—	Sept. 29, 1944 Market Value $	Sept. 29, 1944 Average Price $	Aug. 31, 1944 Market Value $	Aug. 31, 1944 Average Price $
U. S. Government (incl. N. Y. State, Cities, etc.)	85,668,996,414	102.98	85,777,224,826	103.15
U. S. companies:				
Amusement	7,406,250	98.75	7,425,000	99.00
Automobile	5,945,000	102.50	5,930,500	102.25
Building	12,932,315	102.77	13,296,440	102.41
Business and office equipment	15,133,010	107.00	15,203,725	107.50
Chemical	44,532,000	104.05	44,543,875	104.07
Electrical equipment	20,325,000	101.63	20,300,000	101.50
Financial	40,069,074	102.79	39,998,238	102.61
Food	197,167,350	105.97	253,684,213	106.14
Land and realty	4,847,460	86.50	11,160,420	94.35
Machinery and metals	35,420,597	102.78	35,300,275	102.43
Mining (excluding iron)	94,055,803	73.37	93,915,729	72.48
Paper and publishing	32,150,611	104.22	32,296,515	104.69
Petroleum	639,545,683	104.03	640,569,972	104.20
Railroad	7,915,371,886	83.92	7,914,016,581	83.45
Retail merchandising	12,909,489	96.29	12,723,568	94.90
Rubber	69,387,006	104.37	69,496,301	104.53
Shipping services	19,384,531	91.09	19,510,595	91.68
Steel, iron and coke	393,028,947	103.42	393,578,120	103.70
Textiles	36,750,000	105.00	37,012,500	105.75
Tobacco	170,562,712	104.49	172,938,230	105.95
Utilities:				
Gas and electric (operating)	3,053,368,066	107.76	3,160,384,133	108.15
Gas and electric (holding)	61,089,841	109.25	60,710,360	108.57
Communications	1,150,807,812	112.39	1,159,248,963	112.33
Miscellaneous utilities	98,748,232	69.93	103,656,390	72.07
U. S. companies oper. abroad	150,652,646	85.72	149,956,705	85.32
Miscellaneous businesses	30,742,450	104.86	31,456,800	106.53
Total U. S. companies	14,312,333,777	92.26	14,498,314,148	92.20
Foreign government	1,388,894,492	70.18	1,402,728,939	70.67
Foreign companies	646,787,731	90.41	650,618,079	90.94
All listed bonds	102,017,012,414	100.61	102,328,885,992	100.74

The following table, compiled by us, gives a two-year comparison of the total market value and the total average price of bonds listed on the Exchange:

1942—	Market Value $	Average Price $
Sept. 30	62,765,776,218	96.18
Oct. 31	64,843,877,284	96.48
Nov. 30	64,543,971,299	96.11
Dec. 31	70,583,644,622	96.70
1943—		
Jan. 30	71,038,674,932	97.47
Feb. 27	71,346,452,852	97.79
Mar. 31	71,575,183,604	98.24
Apr. 30	71,857,596,488	98.69
May 29	81,048,543,830	99.47
June 30	80,704,321,646	99.64
July 31	80,352,221,151	99.35
Aug. 31	80,109,269,964	99.23
Sept. 30	80,149,558,292	99.37

1943—	Market Value $	Average Price $
Oct. 30	90,501,768,934	99.45
Nov. 30	90,076,888,558	99.02
Dec. 31	90,274,071,634	99.38
1944—		
Jan. 31	90,544,387,232	99.78
Feb. 29	96,837,573,171	100.21
Mar. 31	95,713,288,544	100.32
Apr. 29	95,305,318,075	100.31
May 31	93,849,254,814	100.62
June 30	96,235,324,054	100.53
July 31	102,284,657,208	100.71
Aug. 31	102,328,885,992	100.74
Sep. 30	102,017,012,414	100.61

Latest Summary Of Copper Statistics

The Copper Institute on Sept. 11 released the following statistics pertaining to production, deliveries and stocks of duty-free copper:

SUMMARY OF COPPER STATISTICS REPORTED BY MEMBERS OF THE COPPER INSTITUTE

(In Tons of 2,000 Pounds)

U. S. Duty Free Copper	Production *Crude	Production Refined	Deliveries to Customers †Domestic	Deliveries to Customers Export	‡Refined Stocks End of Period	Stock Increase (+) or Decreases (—) Blister	Stock Increase (+) or Decreases (—) Refined
Year 1939	836,074	818,289	814,407	134,152	159,485	+17,785	—130,270
Year 1940	992,293	1,033,710	1,001,886	48,537	142,772	—41,417	— 16,713
Year 1941	1,016,996	1,065,667	1,545,541	307	75,564	—48,671	— 67,208
Year 1942	1,152,344	1,135,708	1,635,236	----	65,303	+16,636	— 10,255
Year 1943	1,194,699	1,206,871	1,643,677	----	52,121	—12,172	— 13,188
9 Mos. 1944	820,058	839,926	1,225,388	----	51,412	—19,868	— 709
Jan., 1944	95,400	92,781	101,779	----	45,800	+ 2,619	— 6,321
Feb., 1944	95,712	87,128	124,800	----	36,489	+ 8,584	— 9,311
Mar. 1944	101,247	99,118	156,083	----	37,259	+ 2,129	+ 770
Apr., 1944	92,530	95,280	156,233	----	38,382	— 2,750	+ 1,123
May, 1944	94,534	98,580	165,887	----	37,074	— 4,046	— 1,308
June, 1944	89,070	93,958	141,139	----	42,467	— 4,888	+ 5,393
July 1944	86,224	93,650	121,898	----	48,050	— 1,426	+ 5,583
Aug., 1944	82,769	91,047	139,515	----	50,991	— 8,278	+ 2,941
Sept., 1944	82,572	88,384	118,054	----	51,412	— 5,812	+ 421

*Mine or smelter production or shipments, and custom intake including scrap.

†Beginning March, 1941, includes deliveries of duty paid foreign copper for domestic consumption.

‡At refineries, on consignment and in exchange warehouses, but not including consumers' stocks at their plants or warehouses.

Note—Statistics for the first eight months of 1944 have been revised.

Civil Engineering Construction $57,679,000 For Week—Tops Last Week By 118%

Civil engineering construction volume in continental United States totals $57,679,000 for the week. This volume, not including the construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 118% higher than in the preceding week, and 72% above previous four-week moving average, but is 21% below the total for the corresponding 1943 week as reported to "Engineering News-Record".

The report made public on Oct. 12, continued as follows:

Public Construction gains 125% over last week, and is 22% higher than last year. Private construction exceeds a week ago by 62%, but is 82% below a year ago.

The current week's construction brings 1944 volume to $1,463,770,000 for the 41 weeks, a decrease of 44% from the $2,599,012,000 reported for the period in 1943. Private construction, $299,993,000, is 18% under a year ago, and public construction, $1,163,777,000, is down 48% as a result of the 53% decline in federal work. State and municipal construction, however, is 19% higher than in the period last year.

Civil engineering construction volumes for the 1943 week, last week, and the current week are:

	Oct. 14, 1943	Oct. 5, 1944	Oct. 12, 1944
Total U. S. Construction	$72,855,000	$26,530,000	$57,679,000
Private Construction	30,113,000	3,326,000	5,400,000
Public Construction	42,742,000	23,204,000	52,279,000
State and Municipal	4,539,000	6,824,000	6,806,000
Federal	38,203,000	16,380,000	45,473,000

In the classified construction groups, gains over the last week are in sewerage, industrial, commercial and public buildings, and streets and roads. Public building volume is the only one to gain over the 1943-week totals. Subtotals for the week in each class of construction are: waterworks, $735,000; sewerage, $1,026,000; bridges, $170,000; industrial buildings, $3,619,000; commercial building and large-scale private housing, $1,080,000; public buildings, $38,507,000; earthwork and drainage, $1,486,000; streets and roads, $2,621,000; and unclassified construction, $8,435,000.

New capital for construction purposes for the week totals $2,880,000. It is made up of $2,830,000 in state and municipal bond sales, and $50,000 in corporate security issues. The week's new financing brings 1944 volume to $1,618,350,000, a total 47% below the $3,041,566,000 reported for the 41-week 1943 period.

National Fertilizer Association Commodity Price Index Unchanged From Previous Week

The weekly wholesale commodity price index, compiled by The National Fertilizer Association and made public on Oct. 16, remained unchanged from the previous week at 139.3 in the week ending Oct. 14. A month ago this index stood at 138.7 and a year ago at 136.3, based on the 1935-1939 average as 100. The Association's report went on to say:

The farm products group marked its first decline after having advanced for four consecutive weeks. This fractional decline is reflected in each of the three sub-groups which also registered a slight decline. Higher prices on rye and some grades on wheat were not sufficient to balance lower prices on some grades of wheat, thus causing a slight downward trend in the grains group. The livestock group receded somewhat as lower quotations were given for choice cattle, lambs, and live fowls. The foods group continued a fractional advance as the result of higher prices for eggs. The slight rise in the price of raw spot cotton was not sufficient to effect a change in the textiles group. All industrial commodities remained at the previous week's level.

During the week 3 price series in the index advanced and 5 declined; in the preceding week 9 price series advanced and 3 declined, the same as in the second preceding week.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week Oct. 14, 1944	Preceding Week Oct. 7, 1944	Month Ago Sep 16, 1944	Year Ago Oct. 16, 1943
25.3	Foods	142.8	142.5	141.8	140.4
	Fats and Oils	145.1	145.1	145.1	147.2
	Cottonseed Oil	163.1	163.1	163.1	164.7
23.0	Farm Products	165.2	165.5	161.8	158.6
	Cotton	206.5	206.6	202.4	193.6
	Grains	161.6	162.1	156.2	156.3
	Livestock	160.2	160.5	157.2	153.9
17.3	Fuels	130.1	130.1	130.1	122.8
10.8	Miscellaneous commodities	132.2	132.2	132.2	131.4
8.2	Textiles	155.5	155.5	154.3	150.6
7.1	Metals	104.1	104.1	104.2	104.4
6.1	Building materials	154.0	154.0	154.0	152.5
1.3	Chemicals and drugs	126.1	126.1	126.1	127.7
.3	Fertilizer materials	118.3	118.3	118.3	117.7
.3	Fertilizers	119.9	119.9	119.9	119.8
.3	Farm machinery	104.7	104.7	104.5	104.1
100.0	All groups combined	139.5	139.5	138.7	136.3

*Indexes on 1926-1928 base were: Oct. 14, 1944, 108.7; Oct. 7, 108.7; and Oct. 16, 1943, 106.2.

Steel Operations Maintained At Peak Levels—Mat Cancellation Eases Tight Sheet Market

"Evidence was again piling up this week that the steel industry was losing or would soon lose more of its production difficulties such as carryovers, unwieldy backlogs and intense delivery pressure," "The Iron Age" states in its issue of today (Oct. 19), further adding in part as follows:

"Coupled with these conditions has been the fairly steady steel ingot production at high levels with a concurrent drop in net order volume.

"Although actual steel tonnages booked in the past week have been relatively heavy, some part of this has been nullified by a high rate of cancellations. The latter have stemmed mostly from the drastic curtailment in the landing-mat program.

"Little difficulty has been experienced in filling gaps in mill schedules which opened up when the landing-mat program was all but cut to the bone. The greater part of the cancellations affected advanced schedules, but there has been evidence that the steel industry generally will be able to trim its flat-rolled carryover substantially by the end of this month and still further by the end of November. Unless a significant reversal in the steel-buying trend occurs, steel carryovers should be a thing of the past for most mills by the end of this year.

"The steel industry noted this past week that its efforts to solicit new customer business to fill the landing-mat cancellation gap received prompt and wholehearted response. This may be taken as an indication that for sheets, at least, steel fabricators are sufficiently certain of the future to drop all pretense of hesitation when the opportunity to secure firm delivery presents itself.

"All signs indicate that official Washington looks to further easing in the steel supply-demand relationship. Permission has been granted readily, where refusals were handed out recently, to shift continuous mills from plates to a greater proportion of strip, to roll reinforcing steel from new billets and to provide more steel for civilian supply.

"Although the steel ingot rate has been maintained at peak levels recently, it may begin to level off in the near future with perhaps a few bumps in the curve. Apart from the order situation, which despite heavy cancellations is still far from unhealthy, long delayed repairs are being scheduled more frequently.

"With one exception this week, scrap markets were still reflecting a waiting attitude. Heavy melting steel at Chicago declined $1 a ton, thus bringing 'The Iron Age' composite down 33 cents a gross ton to $15.75 a gross ton. The next few weeks or so should definitely establish whether or not scrap will continue downward or strengthen considerably. Scattered evidence this week tended to support a strengthened market viewpoint."

The American Iron and Steel Institute on Oct. 16 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 97.0% of capacity for the week beginning Oct. 16, compared with 96.9% one week ago, 95.3% one month ago and 100.7% one year ago. The operating rate for the week beginning Oct. 16 is equivalent to 1,745,000 tons of steel ingots and castings, compared to 1,743,200 tons one week ago, 1,714,300 tons one month ago and 1,755,200 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Oct. 16 stated in part as follows:

"Reduction in the landing mat program has caused cancellations in the sheet market and opened gaps in nearby rolling schedules, as early as November in some cases. These earlier openings have been filled quickly but future schedules show effects of this curtailment, with some producers in position to offer tonnage a month or more earlier than heretofore, sometimes as early as February.

"General trend in other major products shows little variation. Plate mill schedules continue to ease, although producers expect production to be sustained at least until after the turn of the year. Later in first quarter output may sag, following a more pronounced lull in new demand, regardless of the war. At present December delivery is available.

"In spite of the easing in hot-rolled sheets, cold-rolled deliveries show little change. Galvanized sheets are becoming steadily tighter, with practically no mill tonnage available for first quarter. Most producers of galvanized are booked solidly into second quarter. Cold-rolled sheet promises fall mainly in February and March.

"Lighter demand for structural shapes for shipbuilding and impending completion of such contracts has caused fabricators to compete strongly for such construction projects as come out. Considerable volume of potential building demand is accumulating, held off the market by restrictions, promising large requirements when released.

"Lower prices on steelmaking scrap at important centers caused the average composite price on that commodity to decline 50 cents to $16.58. Other composites are unchanged, finished steel at $56.73, semi-finished at $36 and steelmaking pig iron at $23.05."

Foreign Funds Control Of Reserve Bank Moves

Allan Sproul, President of the Federal Reserve Bank of New York, announced on Oct. 10 that beginning Oct. 16, its Foreign Funds Control Department would be located on the seventh and ninth floors of 67 Wall Street, New York, N. Y., and that the telephone number of the department will remain HAnover 2-9440. Mr. Sproul states that "notwithstanding this change of location, it is requested that mail for the attention of the Foreign Funds Control Department be addressed as follows: Federal Reserve Bank of New York, Foreign Funds Control Department, Federal Reserve P. O. Station, New York 7, N. Y.

Weekly Coal And Coke Production Statistics

The Solid Fuels Administration, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended Oct. 7, 1944, is estimated at 11,620,000 net tons, a decrease of 460,000 tons, or 3.8%, from the preceding week. In the corresponding week of 1943, output amounted to 12,086,000 tons. Cumulative production of soft coal from Jan. 1 to Oct. 7, 1944 totaled 482,730,000 tons, as compared with 456,909,000 tons in the same period of 1943, an increase of 5.7%.

According to the U. S. Bureau of Mines, output of Pennsylvania anthracite for the week ended Oct. 7, 1944 was estimated at 1,245,000 tons, a decrease of 91,000 tons (6.8%) from the preceding week. When compared with the production in the corresponding week of 1943 there was a decrease of 75,000 tons, or 5.7%. The calendar year to date shows an increase of 5.3% when compared with the corresponding period of 1943.

The Bureau of Mines also reported that the estimated production of beehive coke in the United States for the week ended Oct. 7, 1944 showed an increase of 1,600 tons when compared with the output for the week ended Sept. 30, 1944; but was 53,900 tons less than for the corresponding week of 1943.

ESTIMATED UNITED STATES PRODUCTION OF COAL, IN NET TONS

	Week Ended			January 1 to Date		
Bituminous coal and lignite—	Oct. 7, 1944	*Sep. 30, 1944	Oct. 9, 1943	†Oct. 7, 1944	Oct. 9, 1943	Oct. 9, 1937
Total incl. mine fuel	11,620,000	12,080,000	12,086,000	482,730,000	456,909,000	342,521,000
Daily average	1,937,000	2,013,000	2,014,000	2,025,000	1,906,000	1,443,000

*Revised. †Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

	Week Ended			Calendar Year to Date		
Penn. anthracite—	Oct. 7, 1944	Sep. 30, 1944	Oct. 9, 1943	Oct. 7, 1944	Oct. 9, 1943	Oct. 9, 1937
*Total incl. coll. fuel	1,245,000	1,336,000	1,320,000	50,429,000	47,869,000	39,209,000
†Commercial produc.	1,195,000	1,283,000	1,267,000	48,413,000	45,954,000	37,249,000
Beehive coke—						
United States total	119,200	117,600	173,100	5,725,500	6,086,600	2,700,800

*Includes washery and dredge coal and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Subject to revision. §Revised.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
(In Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended			
State—	Sep. 30, 1944	Sep. 23, 1944	Oct. 2, 1943	Oct. 2, 1937
Alabama	383,000	358,000	390,000	258,000
Alaska	7,000	5,000	6,000	5,000
Arkansas and Oklahoma	91,000	100,000	86,000	92,000
Colorado	153,000	144,000	159,000	164,000
Georgia and North Carolina	1,000	1,000	*	*
Illinois	1,397,000	1,344,000	1,533,000	1,159,000
Indiana	544,000	538,000	573,000	407,000
Iowa	42,000	45,000	50,000	92,000
Kansas and Missouri	186,000	187,000	133,000	135,000
Kentucky—Eastern	1,000,000	944,000	978,000	915,000
Kentucky—Western	359,000	384,000	309,000	204,000
Maryland	36,000	36,000	37,000	34,000
Michigan	3,000	3,000	2,000	16,000
Montana (bitum. & lignite)	97,000	85,000	90,000	79,000
New Mexico	30,000	32,000	35,000	33,000
North & South Dakota (lignite)	49,000	50,000	52,000	61,000
Ohio	683,000	690,000	675,000	552,000
Pennsylvania (bituminous)	2,945,000	2,970,000	2,978,000	2,330,000
Tennessee	135,000	134,000	149,000	118,000
Texas (bituminous & lignite)	3,000	2,000	3,000	19,000
Utah	133,000	133,000	115,000	86,000
Virginia	387,000	350,000	394,000	322,000
Washington	30,000	30,000	30,000	47,000
†West Virginia—Southern	2,157,000	2,038,000	2,238,000	1,920,000
‡West Virginia—Northern	1,045,000	1,070,000	970,000	639,000
Wyoming	134,000	176,000	193,000	139,000
§Other Western States	*	1,000	*	*
Total bituminous & lignite	12,080,000	11,850,000	12,178,000	9,826,000
Pennsylvania anthracite	1,336,000	1,282,000	1,290,000	1,155,000
Total, all coal	13,416,000	13,132,000	13,468,000	10,981,000

†Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason and Clay counties. ‡Rest of State, including the Panhandle District and Grant, Mineral and Tucker counties. §Includes Arizona and Oregon. *Less than 1,000 tons.

Wholesale Prices Up 0.1% For Week Ended Oct. 7, Labor Department Reports

During the first week in October commodity prices in primary markets continued to edge gradually upward, having risen slightly for the past three weeks. Further advances in prices for grains, cotton, fresh fruits, eggs, and cotton yarns and higher quotations for cereals and quicksilver were largely responsible for the rise of 0.1% during the week ended Oct. 7, said the U. S. Department of Labor in its report of Oct. 12, which also stated:

"The Bureau of Labor Statistics' all-commodity index now stands at 103.9% of the 1926 average, slightly under the high point reached in the first week of July of this year. In the past four weeks the index has risen 0.3% and is 1.1% above the level for the first week of October, 1943." The Labor Department's report continued:

"**Farm Products and Foods**—Wheat quotations again advanced more than 2%, influenced by higher subsidy rates and increased purchase prices in some markets by the Commodity Credit Corporation. Prices were also higher for corn, oats, and rye and there were seasonal advances for eggs, sweet potatoes and oranges. Average prices for white potatoes, onions and apples were seasonally lower. The level for the farm products group rose 0.4% during the first week in October and was nearly 1% higher than early September and 0.5% above the corresponding week of last year.

"The index for food prices in primary markets rose 0.2% during the week, led by higher prices for cereal products, reflecting the increase in grain prices. There were also advances for certain fresh fruits and canned pears and eggs. The average for the group is 0.2% above four weeks ago but 0.8% below the first week in October, 1943.

"**Industrial Commodities**—Average prices for industrial commodities continued relatively steady with but few exceptions. Quotations for sheepskins were higher and prices for cotton yarns moved upward sharply, reflecting the effect of the Stabilization Extension Act of 1944. A rise in prices was also reported for quicksilver, malleable iron castings, prepared roofing, sand, and turpentine. Lower qpotations were reported for ponderosa pine lumber, which was selling slightly under ceilings for the first time in several months. The scrap steel market continued weak and quotations were approximately 5% below the previous week."

The Labor Department included the following notation in its report:

Note—During the period of rapid changes caused by price controls, materials allocation, and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following tables show (1) index numbers for the principal groups of commodities for the past three weeks, for Sept. 9, 1944 and Oct. 9, 1943, and the percentage changes from a week ago, a month ago, and a year ago, and (2) percentage changes in subgroup indexes from Sept. 30 to Oct. 7, 1944.

WHOLESALE PRICES FOR WEEK ENDED OCT. 7, 1944
(1926=100)

						Percentage change to Oct. 7, 1944 from—		
Commodity Groups—	10-7 1944	9-30 1944	9-23 1944	9-9 1944	10-9 1943	9-30 1944	9-9 1944	10-9 1943
All commodities	*103.9	*103.8	*103.7	*103.6	102.8	+0.1	+0.3	+ 1.1
Farm products	123.3	122.8	122.8	122.2	122.7	+0.4	+0.9	+ 0.5
Foods	104.1	103.9	104.3	103.9	104.9	+0.2	+0.2	— 0.8
Hides and leather products	116.8	116.5	116.5	116.5	118.4	+0.3	+0.3	— 1.4
Textile products	98.8	98.5	98.3	98.2	97.0	+0.3	+0.6	+ 1.9
Fuel and lighting materials	83.8	83.7	83.7	83.8	81.8	+0.1	0	+ 2.4
Metals and metal products	*103.9	*103.8	*103.9	*103.8	103.8	+0.1	+0.1	+ 0.1
Building materials	116.1	115.9	115.9	116.0	112.5	+0.2	+0.1	+ 3.2
Chemicals and allied products	104.9	104.9	104.9	104.9	100.3	0	0	+ 4.6
Housefurnishing goods	106.1	106.1	106.1	106.1	104.2	0	0	+ 1.8
Miscellaneous commodities	93.4	93.4	93.3	93.3	93.1	0	+0.1	+ 0.3
Raw materials	113.7	113.2	113.3	112.8	112.1	+0.4	+0.8	+ 1.4
Semimanufactured articles	94.6	94.3	94.1	94.1	92.8	+0.3	+0.5	+ 1.9
Manufactured products	*101.2	*101.1	*101.1	*101.1	100.2	+0.1	+0.1	+ 1.0
All commodities other than farm products	*99.7	*99.6	*99.6	*99.6	98.6	+0.1	+0.1	+ 1.1
All commodities other than farm products and foods	*98.9	*98.8	*98.8	*98.8	97.5	+0.1	+0.1	+ 1.4

*Preliminary.

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM
SEPT. 30, 1944 TO OCT. 7, 1944

Increases

Brick and tile	2.9	Cement	0.4
Hides and skins	2.3	Cereal products	0.4
Grains	1.8	Other farm products	0.3
Cotton goods	0.8	Dairy products	0.2
Fruits and vegetables	0.7	Iron and steel	0.1
Other foods	0.1		

Decreases

Lumber	0.1

Non-Ferrous Metals—WPB Plans Removal Of Copper, Lead and Zinc Controls After V-E Day

"E. & M. J. Metal and Mineral Markets," in its issue of Oct. 12, stated: "Center of interest in the markets was over the hastily called meetings held last week between WPB and copper, lead, and zinc industry groups. General impression is that WPB disclosed the intention of virtually abandoning its activities in regard to these metals after V-E Day, leaving such controls as are required in the hands of OPA, and sought the industry reaction. The industry view was generally inclined toward relaxation of controls, particularly in lead, but reactions were qualified by questions over the disposition of premium prices, continuance of Government purchases, and probable amounts to be declared surplus. To these questions there were no definite answers, WPB simply indicating a desire to avoid creating unnecessary unemployment and dislocations during reconversion. Many in attendance expressed dissatisfaction over the lack of conclusive results." The publication further went on to say, in part:

Copper

The copper market this week was quiet, with the industry awaiting next month's allotments. Undertone of the market, however, continued firm. Discussion focussed on WPB's announcement that it intended to revoke most conservation and limitation orders, including M-9 and M-9-c for copper, after "Victory in Europe" Day. Copper industry members approved the plan in general, but were anxious to have clarified the policies that would then govern premium prices and surplus metals. The WPB added that foundries may now accept unrated orders for brass and bronze castings, but may not fill them until after V-E Day, and then only as they do not hold up military orders.

Production of brass rod during August totaled 94,000,000 pounds, an all-time monthly high, according to preliminary figures compiled by the Copper Division, WPB.

Lead

A lively demand for lead continues, and it appears that some buyers are ready to acquire reserve stocks if it becomes possible. October orders are 98% covered, and November requirements are about 25% filled. The Government's stockpile is being reduced steadily, and is now believed to be well below 150,000 tons. Sales of lead for the week involved 7,981 tons against 9,793 tons in the week pervious.

Receipts of lead in ore and scrap by primary smelters and refiners, according to the American Bureau of Metal Statistics, in tons:

	Aug.	July
In ore:		
Domestic	34,873	29,982
Foreign	8,717	3,737
	43,590	33,719
*In scrap, etc.	3,999	3,138
Total	47,589	36,857

*Only scrap smelted in connection with ore, plus some scrap received by primary refiners.

Shipments of refined lead by domestic producers during the first eight months of 1943 and 1944, in tons, according to the American Bureau of Metal Statistics:

	Jan.-Aug.	
	1943	1944
Cable	73,311	73,829
Ammunition	38,146	16,172
Foil	5,125	7,237
Batteries	42,890	53,688
Brass Mills	4,105	5,60[illegible]
Sundries	31,588	41,68[illegible]
Jobbers	4,111	4,002
*Unclassified (a)	160,677	170,033
Total	359,953	372,241

*Includes white lead, red lead, litharge and other oxides; sheet and pipe; solder; babbitt, and lead used in making tetraethyl for gasoline.

Zinc

The zinc market continues slow, with some uneasiness apparent over the future of "C" premiums and of the continuance of MRC purchases of producers' excess metal. The failure to add materially to stocks in September was due to production losses, not to an improved market. Zinc industry members are awaiting with considerable interest further word from the WPB with regard to price and stockpile policies following the promised V-E Day relaxation of copper, lead, and zinc control orders.

The September statistics of the American Zinc Institute revealed that slab zinc smelter output dropped 4,390 tons for the month, to a total of 66,891 tons, the lowest figure since February, 1941. Labor shortages at smelters and the short month were held responsible. The August and September statistics, in tons, follow:

	Sept.	Aug.
Production	66,891	71,281
Production, daily rate	2,230	2,299
Shipments:		
Domestic	64,612	*64,158
Export	223	137
	64,835	*64,295
Stock at end	243,749	*241,693
Unfilled orders	20,983	25,516

*Revised.

Tin

There were no price developments in tin during the last week, and so far as the domestic market is concerned, none are in prospect for some time to come.

Straits quality tin for shipment, in cents per pound, was nominally as follows:

	Oct.	Nov.	Dec.
Oct. 5	52.000	52.000	52.000
Oct. 6	52.000	52.000	52.000
Oct. 7	52.000	52.000	52.000
Oct. 9	52.000	52.000	52.000
Oct. 10	52.000	52.000	52.000
Oct. 11	52.000	52.000	52.000

Chinese, or 99% tin, continued at 51.125 cents per pound.

Quicksilver

Buying interest in forward quicksilver continues slow, but the market for spot metal stiffened steadily during the week to a low of $106, with small lots being quoted as high as $109, depending on quantity. A heavy demand for spot quicksilver is reported, but round lots are subject to negotiation. There is still a notable hesitancy in making future commitments because of uncertainty over possible changes in the international situation.

Consumption of quicksilver in the United States during August totaled 3,900 flasks, a gain of 900 flasks over July. September consumption, the trade believes, also was larger than that of July. Owing to the steady fall in prices that occurred here over the first half of the year, domestic production declined from 4,400 flasks in January to 2,500 flasks in August.

Mexican producers have been embarrassed because of a growing shortage in flasks. Flasks have not been coming into the country from European sources, and large numbers of the metal containers are tied up because of stockpiles in this country. The Government's stock of quicksilver exceeds two years' supply at close to the peak rate of consumption.

Silver

The London market for silver last week was quiet and unchanged at 23½d. The New York Official for foreign silver continued at 44¾ cents, with domestic at 70⅝ cents.

Gold

Output of gold in South Africa during July was 1,040,000 ounces, which compares with 1,038,000 ounces in June and 1,090,000 ounces in July last year.

Former ICC Head Dies

Frank McManamy, for eight years Chairman of the Interstate Commerce Commission, died on Oct. 3 at the age of 74 years. In 1911 Mr. McManamy joined the staff of the ICC as assistant chief inspector of locomotives, later becoming chief inspector, and in 1918 was named to the post of Assistant Director of Transportation of the United States Railroad Administration. In reporting his death from Washington on Oct. 4, the New York "Times" said:

"He had charge of construction of all railroad equipment from 1920 to 1923, when the railroads were under Federal control.

"Mr. McManamy was appointed a member of the ICC in 1923 and became its Chairman in 1930, serving until his retirement in 1933."

Daily Average Crude Oil Production For Week Ended Oct. 7, 1944 Decreased 70,750 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Oct. 7, 1944 was 4,691,550 barrels, a decrease of 70,750 barrels when compared with the record daily average output of 4,762,300 barrels reached in the preceding week, and a decline of 16,950 barrels from the daily average figure recommended by the Petroleum Administration for War for the month of October, 1944. The current figure, however, was 301,250 barrels per day higher than the production in the week ended Oct. 9, 1943. Daily output for the four weeks ended Oct. 7, 1944 averaged 4,735,800 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,506,000 barrels of crude oil daily and produced 14,252,000 barrels of gasoline; 1,271,000 barrels of kerosine; 4,706,000 barrels of distillate fuel oil, and 8,676,000 barrels of residual fuel oil during the week ended Oct. 7, 1944; and had in storage at the end of that week 78,554,000 barrels of gasoline; 14,322,000 barrels of kerosine; 46,078,000 barrels of distillate fuel, and 64,644,000 barrels of residual fuel oil. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations October	*State Allowables begin. Oct. 1	Actual Production Week Ended Oct. 7, 1944	Change from Previous Week	4 Weeks Ended Oct. 7, 1944	Week Ended Oct. 9, 1943
Oklahoma	340,000	343,000	†344,050	+ 650	343,150	326,850
Kansas	274,000	269,400	†251,300	—26,300	272,600	265,600
Nebraska	1,000	----	†950	+ 50	900	1,750
Panhandle Texas			98,800	+ 100	98,750	88,100
North Texas			148,800	+ 1,050	148,000	138,300
West Texas			492,800	—11,250	501,250	354,050
East Central Texas			149,500	— 300	149,700	135,250
East Texas			371,350	+ 400	371,050	368,700
Southwest Texas			334,400	— 7,350	339,900	288,150
Coastal Texas			537,700	— 5,350	541,700	519,350
Total Texas	2,133,000	‡2,134,113	2,133,350	—22,700	2,150,350	1,891,900
North Louisiana			74,050	+ 1,050	74,050	81,500
Coastal Louisiana			289,750	+ 1,350	288,750	279,000
Total Louisiana	350,000	396,000	363,800	+ 2,400	362,800	360,500
Arkansas	78,000	80,295	80,600	— 200	80,950	78,450
Mississippi	46,000		49,250	+ 300	47,800	47,550
Alabama	----		300	----	300	----
Florida	----		50	----	50	----
Illinois	205,000		193,900	—16,600	201,200	235,900
Indiana	13,500		13,200	— 350	12,950	14,150
Eastern— (Not incl. Ill., Ind., Ky.)	72,500		65,650	— 4,000	68,650	72,500
Kentucky	25,000		24,650	— 4,100	25,600	26,500
Michigan	50,000		51,900	+ 2,550	50,350	54,700
Wyoming	95,000		96,900	— 3,400	99,400	105,150
Montana	22,000		22,400	----	21,000	21,400
Colorado	8,500		9,050	+ 400	9,100	7,350
New Mexico	110,000	§	103,950	— 2,250	105,600	109,350
Total East of Calif.	3,823,500		3,805,250	—73,550	3,852,750	3,619,600
California	885,000	§	886,300	+ 2,800	883,050	770,700
Total United States	4,708,500		4,691,550	—70,750	4,735,800	4,390,300

*P.A.W. recommendations and state allowables, as shown above, represent the production of crude oil only, and do not include amounts of condensate and natural gas derivatives to be produced.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m. Oct. 5, 1944.

‡This is the net basic allowable as of Oct. 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 1 to 15 days, the entire state was ordered shut down for 7 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 7 days shutdown time during the calendar month.

§Not yet available.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED OCT. 7, 1944

(Figures in Thousands of barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are —therefore on a Bureau of Mines basis—

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuel Oil	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana-Arkansas, and inland Texas	2,518	90.3	2,280	90.5	7,046	35,573	25,237	22,670
Appalachian—								
District No. 1	130	83.9	100	76.9	301	2,211	502	252
District No. 2	47	87.2	49	104.3	197	1,451	158	161
Ind., Ill., Ky.	824	85.2	780	94.7	2,776	16,629	6,663	4,061
Okla., Kans., Mo.	418	80.2	361	86.4	1,386	6,797	2,105	1,601
Rocky Mountain—								
District No. 3	13	17.0	12	92.3	35	56	14	31
District No. 4	141	58.3	97	68.8	341	1,467	407	631
California	817	89.9	827	101.2	2,170	14,370	10,992	35,227
Total U. S. B. of M. basis Oct. 7, 1944	4,908	87.2	4,506	91.8	14,252	†78,554	46,078	64,644
Total U. S. B. of M. basis Sept. 30, 1944	4,908	87.2	4,775	97.3	14,494	78,028	45,329	64,226
U. S. Bur. of Mines basis Oct. 9, 1943			4,115		12,281	69,014	40,513	66,883

*At the request of the Petroleum Administration for War. †Finished, 65,316,000 barrels; unfinished, 13,238,000 barrels. ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,271,000 barrels of kerosine, 4,706,000 barrels of gas oil and distillate fuel oil and 8,676,000 barrels of residual fuel oil produced during the week ended Oct. 7, 1944, which compares with 1,396,000 barrels, 4,622,000 barrels and 9,292,000 barrels, respectively, in the preceding week and 1,272,000 barrels, 4,760,000 barrels and 7,816,000 barrels, respectively, in the week ended Oct. 9, 1943.

Note—Stocks of kerosine at Oct. 7, 1944, amounted to 14,322,000 barrels, as against 14,583,000 barrels a week earlier and 10,831,000 barrels a year before.

Trading On New York Exchanges

The Securities and Exchange Commission made public on Oct. 11 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Sept. 23, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Sept. 23 (in round-lot transactions) totaled 1,240,272 shares, which amount was 18.41% of the total transactions on the Exchange of 3,368,930 shares. This compares with member trading during the week ended Sept. 16 of 1,352,960 shares, or 17.53% of the total trading of 3,857,170 shares. On the New York Curb Exchange, member trading during the week ended Sept. 23 amounted to 282,010 shares, or 15.34% of the total volume on that exchange of 919,385 shares; during the Sept. 16 week trading for the account of Curb members of 256,815 shares was 12.91% of total trading of 1,051,350 shares.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED SEPT. 23, 1944

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	113,300	
‡Other sales	3,255,630	
Total sales	3,368,930	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	335,380	
Short sales	44,660	
‡Other sales	264,620	
Total sales	309,280	9.57
2. Other transactions initiated on the floor—		
Total purchases	222,330	
Short sales	11,000	
‡Other sales	163,520	
Total sales	174,520	5.89
3. Other transactions initiated off the floor—		
Total purchases	89,735	
Short sales	22,190	
‡Other sales	86,837	
Total sales	109,027	2.95
4. Total—		
Total purchases	647,445	
Short sales	77,850	
‡Other sales	514,977	
Total sales	592,827	18.41

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED SEPT. 23, 1944

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	13,425	
‡Other sales	905,960	
Total sales	919,385	
B. Round-Lot Transactions for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	75,280	
Short sales	5,925	
‡Other sales	73,670	
Total sales	79,595	8.42
2. Other transactions initiated on the floor—		
Total purchases	38,050	
Short sales	1,400	
‡Other sales	22,350	
Total sales	23,750	3.36
3. Other transactions initiated off the floor—		
Total purchases	29,980	
Short sales	4,000	
‡Other sales	31,355	
Total sales	35,355	3.56
4. Total—		
Total purchases	143,310	
Short sales	11,325	
‡Other sales	127,375	
Total sales	138,700	15.34
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	48,738	
Total purchases	48,738	
Total sales	30,257	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission's rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Commercial Paper Outstanding

Reports received by the Federal Reserve Bank of New York from commercial paper dealers show a total of $140,800,000 of open market paper outstanding on Sept. 29, 1944, the bank announced on Oct. 10. This compares with $140,900,000 outstanding on Aug. 31, 1944, and $169,500,000 on Sept. 30, 1943.

Following are the totals for the last two years:

1944—	$	1943—	$
Sep 29	140,800,000	Sep 30	169,500,000
Aug 31	140,900,000	Aug 31	156,200,000
July 31	142,900,000	July 31	149,800,000
Jun 30	136,500,000	Jun 30	143,300,000
May 31	150,700,000	May 29	159,600,000
Apr 29	171,500,000	Apr 30	178,900,000
Mar 31	194,800,000	Mar 31	200,600,000
Feb 29	213,700,000	Feb 27	209,100,000
Jan 31	208,900,000	Jan 30	220,400,000
1943—		1942—	
Dec 31	202,000,000	Dec 31	229,000,000
Nov 30	203,300,000	Nov 30	260,600,000
Oct 30	187,800,000	Oct 31	271,400,000

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Oct. 11 a summary for the week ended Sept. 30 of complete figures showing the daily volume of stock transactions for odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended Sept. 30, 1944

	Total for Week
Odd-Lot Sales by Dealers (Customers' purchases)	
Number of orders	15,096
Number of shares	423,978
Dollar value	$17,658,725
Odd-Lot Purchases by Dealers— (Customers' sales)	
Number of Orders:	
Customers' short sales	135
*Customers' other sales	15,429
Customers' total sales	15,564
Number of Shares:	
Customers' short sales	4,783
*Customers' other sales	399,519
Customers' total sales	404,302
Dollar value	$14,093,222
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	30
†Other sales	109,520
Total sales	109,550
Round-Lot Purchases by Dealers:	
Number of shares	141,290

*Sales marked "short exempt" are reported with "other sales."

†Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

U. S. Foreign Policy Basis Of World Peace

The self-interest of the United States requires our Government to have an international perspective, Reuben B. Hays, First Vice-President of the Federal Reserve Bank of Cleveland, on Oct. 10 told members of the Rotary Club of Geneva. "This is clearly demonstrated," Mr. Hays declared, "by our involvement in a world conflict for the second time in our generation, by the tremendous increase in speed of travel and communications and by the fact that the domestic economy of nations is so interwoven that strain on one is reflected in others."

Speaking on "International Agreements," with emphasis on proposals for an international bank arising at the Bretton Woods Conference last July, Mr. Hays said:

"The peaceful progress of this country and of the world depends in large measure upon the foreign policies adopted by the United States. Decision as to whether these policies are to be forward-looking and dynamic, or passive and reactionary, depends upon public opinion. Whether the United States takes its place among the nations of the world or whether it again refuses to face realities and accepts no responsibility for maintaining world peace will be determined by the attitude of farmers, urbanites and that large group who have contributed so much to American life—the men and women in the thousands of towns and villages across the country.

"We might at this time quite appropriately ask ourselves, 'will this war be enough to teach the Government of the United States that our interests are so interwoven with those of other nations that we cannot live apart from the rest of the world, or will a third lesson be necessary?' Could anything be more foolhardy than for us to suffer the anguish of two wars and then, as a nation, refuse to participate in international agreements which are attempts to establish ways of living amicably in one world?"

Revenue Freight Car Loadings During Week Ended Oct. 7, 1944 Decreased 35,057 Cars

Loading of revenue freight for the week ended Oct. 7, 1944 totaled 877,942 cars, the Association of American Railroads announced on Oct. 12. This was a decrease below the corresponding week of 1943 of 28,415 cars, or 3.1%, and a decrease below the same week in 1942 of 31,308 cars, or 3.4%.

Loading of revenue freight for the week of Oct. 7 decreased 35,057 cars, or 3.8% below the preceding week.

Miscellaneous freight loading totaled 401,180 cars, a decrease of 16,521 cars below the preceding week, and decrease of 167 cars below the corresponding week in 1943.

Loading of merchandise less than carload lot freight totaled 108,311 cars, a decrease of 1,486 cars below the preceding week, but an increase of 5,451 cars above the corresponding week in 1943.

Coal loading amounted to 171,814 cars, a decrease of 8,356 cars below the preceding week, and a decrease of 7,480 cars below the corresponding week in 1943.

Grain and grain products loading totaled 45,550 cars, a decrease of 4,475 cars below the preceding week and a decrease of 13,973 cars below the corresponding week in 1943. In the Western Districts alone, grain and grain products loading for the week of Oct. 7, totaled 29,847 cars, a decrease of 3,445 cars below the preceding week and a decrease of 11,240 cars below the corresponding week in 1943.

Livestock loading amounted to 23,645 cars, an increase of 813 cars above the preceding week and an increase of 1,576 cars above the corresponding week in 1943. In the Western Districts alone loading of livestock for the week of Oct. 7 totaled 18,860 cars, an increase of 884 cars above the preceding week, and an increase of 1,091 cars above the corresponding week in 1943.

Forest products loading totaled 42,529 cars, a decrease of 2,321 cars below the preceding week and a decrease of 2,924 cars below the corresponding week in 1943.

Ore loading amounted to 71,100 cars, a decrease of 2,321 cars below the preceding week and a decrease of 9,999 cars below the corresponding week in 1943.

Coke loading amounted to 13,813 cars, a decrease of 390 cars below the preceding week, and a decrease of 899 cars below the corresponding week in 1943.

All districts reported decreases compared with the corresponding week in 1943, except the Centralwestern, and all districts reported decreases compared with 1942 except the Allegheny and Pocahontas.

	1944	1943	1942
5 Weeks of January	3,796,477	3,531,811	3,858,479
4 weeks of February	3,159,492	3,055,725	3,122,942
4 weeks of March	3,135,155	3,073,445	3,174,781
5 weeks of April	4,068,625	3,924,981	4,209,907
4 weeks of May	3,446,252	3,363,195	3,311,637
5 weeks of June	4,343,193	4,003,393	4,139,395
4 weeks of July	3,463,512	3,455,328	3,431,395
4 weeks of August	3,579,800	3,554,694	3,487,905
5 weeks of September	4,428,427	4,456,466	4,410,669
Week of October 7	877,942	906,357	909,250
Total	34,298,875	33,325,395	34,056,360

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Oct. 7, 1944 During the period 51 roads showed increases when compared with the corresponding week a year ago.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS) WEEK ENDED OCT. 7

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1944	1943	1942	1944	1943
Eastern District—					
Ann Arbor	301	264	317	1,475	1,498
Bangor & Aroostook	1,488	1,395	1,332	344	194
Boston & Maine	6,905	6,895	6,252	14,537	15,486
Chicago, Indianapolis & Louisville	1,188	1,444	1,479	2,044	2,153
Central Indiana	25	54	45	39	30
Central Vermont	1,125	1,174	1,075	2,511	2,714
Delaware & Hudson	5,751	6,297	6,259	12,704	11,379
Delaware, Lackawanna & Western	7,997	7,705	7,486	10,648	11,440
Detroit & Mackinac	415	289	839	134	115
Detroit, Toledo & Ironton	1,860	1,929	1,736	1,322	1,231
Detroit & Toledo Shore Line	357	302	367	2,602	2,276
Erie	13,782	13,800	12,428	17,428	20,270
Grand Trunk Western	3,685	3,761	4,432	8,164	7,907
Lehigh & Hudson River	171	206	176	2,336	2,524
Lehigh & New England	2,099	2,139	1,713	1,686	1,867
Lehigh Valley	8,842	8,916	8,207	12,998	15,575
Maine Central	2,398	2,432	2,461	3,420	3,037
Monongahela	5,404	6,218	6,125	335	481
Montour	2,701	2,323	2,407	20	40
New York Central Lines	51,326	54,580	49,893	55,973	55,743
N. Y., N. H. & Hartford	9,488	9,904	9,636	17,982	20,374
New York, Ontario & Western	1,184	1,404	1,137	2,960	2,540
New York, Chicago & St. Louis	6,400	7,100	8,298	15,002	17,531
N. Y., Susquehanna & Western	504	683	422	2,235	2,223
Pittsburgh & Lake Erie	7,738	7,907	7,870	9,431	8,155
Pere Marquette	5,462	5,557	5,792	7,542	7,391
Pittsburg & Shawmut	754	1,130	779	19	10
Pittsburg, Shawmut & North	307	409	418	241	316
Pittsburgh & West Virginia	1,108	1,165	1,031	2,748	2,974
Rutland	389	385	403	1,241	1,104
Wabash	5,282	6,851	6,166	13,052	13,979
Wheeling & Lake Erie	5,410	5,516	5,668	4,414	4,448
Total	161,846	170,134	162,643	227,587	237,005
Allegheny District—					
Akron, Canton & Youngstown	729	830	733	1,440	1,286
Baltimore & Ohio	46,587	44,859	40,384	28,800	29,423
Bessemer & Lake Erie	5,672	6,081	6,855	1,848	1,863
Buffalo Creek & Gauley	275	305	336	7	4
Cambria & Indiana	1,647	1,758	1,862	4	8
Central R. R. of New Jersey	6,646	7,102	7,344	20,564	21,738
Cornwall	534	674	718	60	72
Cumberland & Pennsylvania	202	229	244	13	11
Ligonier Valley	101	143	131	47	37
Long Island	1,547	1,543	1,365	3,707	3,937
Penn-Reading Seashore Lines	1,992	1,988	1,960	2,304	2,833
Pennsylvania System	86,364	86,146	84,827	65,537	62,697
Reading Co.	15,128	15,324	15,517	29,584	28,463
Union (Pittsburgh)	19,269	21,223	21,156	6,396	8,148
Western Maryland	4,030	4,065	3,888	12,840	12,220
Total	190,723	192,270	187,320	173,151	172,740
Pocahontas District—					
Chesapeake & Ohio	29,084	28,656	28,038	13,886	15,209
Norfolk & Western	21,708	22,369	22,448	8,048	6,863
Virginian	4,406	4,525	4,530	2,303	2,527
Total	55,198	55,550	55,016	24,237	24,599
Southern District—					
Alabama, Tennessee & Northern	340	329	314	348	423
Atl. & W. P.—W. R. R. of Ala	863	717	779	2,710	2,805
Atlanta, Birmingham & Coast	817	707	769	1,339	1,102
Atlantic Coast Line	11,593	10,897	10,848	10,519	9,785
Central of Georgia	3,799	3,866	4,276	4,183	4,751
Charleston & Western Carolina	459	431	382	1,598	1,337
Clinchfield	1,685	1,676	1,800	3,147	2,675
Columbus & Greenville	291	353	566	298	189
Durham & Southern	166	144	122	774	651
Florida East Coast	865	1,075	865	1,344	1,381
Gainesville Midland	51	49	39	116	105
Georgia	1,249	1,188	1,460	2,371	3,285
Georgia & Florida	384	402	360	734	572
Gulf, Mobile & Ohio	4,510	4,329	4,887	4,133	4,546
Illinois Central System	28,353	30,359	32,205	18,283	17,685
Louisville & Nashville	25,522	25,873	25,827	11,825	12,592
Macon, Dublin & Savannah	174	180	240	896	680
Mississippi Central	372	239	214	665	401
Nashville, Chattanooga & St. L.	3,234	3,714	3,837	4,510	4,784
Norfolk Southern	1,144	1,161	1,297	1,786	1,977
Piedmont Northern	400	382	321	1,558	1,265
Richmond, Fred. & Potomac	337	425	597	9,468	9,698
Seaboard Air Line	9,236	9,911	10,116	9,222	8,548
Southern System	24,423	23,508	24,170	25,298	24,138
Tennessee Central	492	553	540	845	914
Winston-Salem Southbound	160	154	130	1,178	983
Total	120,919	122,622	126,761	119,148	117,272
Northwestern District—					
Chicago & North Western	20,282	23,340	22,974	15,210	15,978
Chicago Great Western	2,479	3,168	2,522	3,655	3,526
Chicago, Milw., St. P. & Pac.	22,615	23,816	23,293	11,186	11,821
Chicago, St. Paul, Minn. & Omaha	3,507	4,317	3,943	4,402	4,605
Duluth, Missabe & Iron Range	26,111	28,166	28,116	221	191
Duluth, South Shore & Atlantic	743	1,095	992	518	571
Elgin, Joliet & Eastern	9,063	8,633	10,410	10,089	11,316
Ft. Dodge, Des Moines & South	434	498	551	61	94
Great Northern	24,221	28,720	29,240	6,623	5,910
Green Bay & Western	600	660	572	1,033	1,081
Lake Superior & Ishpeming	1,673	1,750	2,263	84	37
Minneapolis & St. Louis	1,860	2,633	2,421	3,164	2,864
Minn., St. Paul & S. S. M.	7,332	8,078	8,460	2,999	3,149
Northern Pacific	13,921	14,550	14,684	6,536	6,034
Spokane International	226	123	252	489	431
Spokane, Portland & Seattle	2,347	2,646	2,784	3,488	3,462
Total	137,414	152,193	153,477	69,758	71,076
Central Western District—					
Atch., Top. & Santa Fe System	24,937	23,635	24,928	17,404	14,984
Alton	3,275	3,260	3,640	4,696	4,030
Bingham & Garfield	441	487	515	67	89
Chicago, Burlington & Quincy	20,267	21,897	23,122	14,467	13,166
Chicago & Illinois Midland	2,892	3,066	2,497	955	910
Chicago, Rock Island & Pacific	12,779	12,709	13,378	13,933	13,002
Chicago & Eastern Illinois	2,871	2,702	3,098	5,090	5,851
Colorado & Southern	889	1,240	1,230	3,101	2,793
Denver & Rio Grande Western	5,225	4,801	5,335	7,929	5,854
Denver & Salt Lake	948	551	1,026	33	17
Fort Worth & Denver City	895	1,497	1,502	2,219	1,804
Illinois Terminal	2,196	2,096	1,970	2,353	2,243
Missouri-Illinois	1,258	1,189	1,385	667	494
Nevada Northern	1,605	2,013	2,219	89	142
North Western Pacific	1,392	1,152	1,151	854	772
Peoria & Pekin Union	17	10	19	0	0
Southern Pacific (Pacific)	33,767	32,631	33,595	14,720	14,761
Toledo, Peoria & Western	257	329	394	2,194	1,828
Union Pacific System	20,984	20,457	21,027	20,042	18,657
Utah	421	600	687	6	6
Western Pacific	2,477	2,239	2,480	5,256	5,020
Total	139,794	138,570	145,198	116,075	106,423
Southwestern District—					
Burlington-Rock Island	726	350	804	424	168
Gulf Coast Lines	5,079	5,642	4,700	2,490	3,143
International-Great Northern	2,520	2,486	3,974	3,751	3,502
Kansas, Oklahoma & Gulf	358	261	423	1,141	1,183
Kansas City Southern	4,736	5,734	5,157	2,994	2,977
Louisiana & Arkansas	3,766	3,108	3,637	2,481	2,559
Litchfield & Madison	300	326	258	1,275	1,558
Midland Valley	715	699	946	496	304
Missouri & Arkansas	149	170	225	375	496
Missouri-Kansas-Texas Lines	6,270	6,286	5,992	5,348	6,341
Missouri Pacific	17,778	18,323	20,411	19,902	19,320
Quanah Acme & Pacific	62	72	101	294	279
St. Louis-San Francisco	9,831	9,660	10,416	8,984	10,724
St. Louis Southwestern	3,349	3,166	3,627	6,266	6,538
Texas & New Orleans	10,893	13,625	13,307	5,664	5,413
Texas & Pacific	5,396	4,990	4,676	7,581	6,563
Wichita Falls & Southern	84	99	153	58	52
Weatherford M. W. & N. W.	36	21	22	27	27
Total	72,048	75,018	78,829	69,551	71,147

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1944—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
				Current	Cumulative
July 1	152,954	155,170	544,454	95	95
July 8	145,317	98,235	586,379	60	94
July 15	145,775	147,478	586,103	91	94
July 22	157,041	152,402	590,263	94	94
July 29	139,743	157,720	570,626	96	94
August 5	195,161	160,568	604,299	96	94
August 12	140,338	158,849	585,316	96	94
August 19	136,936	155,516	562,744	95	94
August 26	128,596	156,921	534,174	96	94
September 2	173,065	155,820	549,114	97	94
September 9	131,988	123,758	554,352	80	94
September 16	129,481	158,178	525,730	97	94
September 23	125,258	161,114	486,818	96	94
September 30	160,952	159,114	482,896	95	94
October 7	217,096	158,946	541,424	96	94

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

NYSE Short Interest Lower On Sept. 29

The New York Stock Exchange announced on Oct. 11 that the short interest as of the close of business on the Sept. 29 settlement date, as compiled from information obtained by the New York Stock Exchange from its members and member firms, was 1,275,709 shares, compared with 1,283,555 shares on Aug. 31, both totals excluding short positions carried in the odd-lot accounts of all odd-lot dealers. As of the Sept. 29 settlement date, the total short interest in all odd-lot dealers' accounts was 32,213 shares, compared with 36,992 shares on Aug. 31. The Exchange's announcement added:

Of the 1,242 individual stock issues listed on the Exchange on Sept. 29, there were 59 issues in which a short interest of 5,000 or more shares existed, or in which a change in the short position of 2,000 or more shares occurred during the month.

The number of issues in which a short interest was reported as of Sept. 29, exclusive of odd-lot dealer's short positions, was 681 compared with 680 on Aug. 31.

In the following tabulation is shown the short interest existing at the close of the last business day for the last 12 months:

1943—	
Sept. 30	761,827
Oct. 29	729,291
Nov. 30	730,166
Dec. 31	737,042
1944—	
Jan. 31	847,335
Feb. 31	960,617
Mar. 31	1,028,480
Apr. 29	1,090,581
May 31	1,181,293
June 30	1,287,970
July 31	1,327,641
Aug. 31	1,283,555
Sept. 29	1,275,709

Living Costs Down Slightly In September

Living costs for the average family of wage earners and lower-salaried clerical workers in the United States declined one-tenth of 1% from August to September, according to the National Industrial Conference Board, which on Oct. 13 also said:

"Increases of 0.2% in the cost of clothing and sundries were more than offset by a drop of 0.4% in food costs. Housing and fuel and light were unchanged.

"Living costs in September were 1.8% higher than a year ago.

"Purchasing power of the dollar, in terms of 1923 goods, was 95.2 cents in September. In September, 1943, it was 97.0 cents."

Lumber Movement—Week Ended Oct. 7, 1944

According to the National Lumber Manufacturers' Association, lumber shipments of 504 mills reporting to the National Lumber Trade Barometer were 4.9% below production for the week ended Oct. 7, 1944. In the same week new orders of these mills were 2.9% less than production. Unfilled order files of the reporting mills amounted to 100% of stocks. For reporting softwood mills, unfilled orders are equivalent to 39 days' production at the current rate, and gross stocks are equivalent to 36 days' production.

For the year-to-date, shipments of reporting identical mills exceeded production by 3.0%; orders by 6.1%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 16.8% greater; shipments were 13.7% greater, and orders were 15.5% greater.

Items About Banks, Trust Companies

At the regular meeting of the board of directors of The National City Bank of New York on Oct. 17 Russell T. Jacobus was appointed Assistant Vice-President. He started as messenger in the bank in 1917 and since 1931 has been Assistant Cashier in the Comptroller's Division. At the same meeting John C. Macy was appointed Assistant Cashier.

Harold H. Helm, Vice-President of the Chemical Bank & Trust Co., New York, has been elected a director of the Home Insurance Company, New York.

At their monthly meeting on Oct. 10, the board of directors of the Federation Bank & Trust Co. of New York elected William L. Maxson a director of the bank. Mr. Maxson is President of the W. L. Maxson Corp.

Archibald C. Falconer, Senior Vice-President of Manufacturers Trust Co., New York, died on Oct. 13 at his home in Port Washington, L. I., after a long illness. He was 59 years old. Mr. Falconer, who was born in November, 1884, in Sherbrook, Nova Scotia, began his banking career with the Commercial Bank of Windsor, Canada, in 1902, and when that bank was merged with the Union Bank of Halifax, he continued with the latter institution. In 1904, he became affiliated with the Canadian Bank of Commerce as head of the Credit Department. Some time later, Mr. Falconer came to New York as Senior Vice-President of the Citizens Central National Bank of New York. He left that bank in 1910 to organize the Credit Department of Goldman, Sachs & Co., where he remained for 11 years, specializing in foreign credits. Mr. Falconer became affiliated with Manufacturers Trust Co. in 1921. For a time he was in charge of the bank's West Side office at Eighth Avenue, corner of 34th Street, and later was placed in charge of the bank's Fifth Avenue office at Fifth Avenue, corner 43rd Street. Subsequently he was named Senior Vice-President at the bank's principal office. Mr. Falconer was also President and Director of the Utility Service Corp.

Harvey Edward Fisk, retired New York banker, died on Oct. 8; he was 88 years of age. Advices from Trenton, N. J., to the New York "Times" reporting his death said in part:

He was eldest and only surviving son of Harvey Fisk, who founded the banking house of Fisk & Hatch in 1862 and helped the Union finance the Civil War. For many years he was associated with his brother, the late Pliny Fisk, an outstanding investment banker before the first World War, in the management of their father's firm.

Mr. Fisk was born in Jersey City. He was graduated from Princeton University in 1877 and immediately joined the firm of Fisk & Hatch. In 1885 the firm was reorganized and became Harvey Fisk & Sons. Mr. Fisk specialized in railroad securities.

In 1898 he resigned from the family's concern and a year later formed a partnership with the late George H. Robinson for investment banking purposes. The firm of Fisk & Robinson was dissolved in 1914 and three years later Mr. Fisk joined the Bankers Trust Co. as a research writer.

He specialized in the preparation of pamphlets and books on public finance and, in one book, calculated that the total direct expenditure for the first World War amounted to $223,000,000,000. He remained with the Bankers Trust until his retirement in 1930.

William R. Morrison, Vice-President of the East River Savings Bank of New York, died Oct. 16 after a brief illness. A native of New York City, he was born in 1888. Mr. Morrison joined the East River Savings Bank staff as a Vice-President in September, 1934 and since that time had been in charge of the bond investment division. Prior to that he was a Vice-President of the National City Company starting as an office boy, becoming head of the bond trading department in 1916, and Vice-President in 1934.

Joseph W. Catharine, prominent in the real estate field and civic leader of Brooklyn, N. Y., died on Oct. 9; he was 58 years of age. After being with the Crown Cordial & Extract Co. of New York for a short time in 1905, Mr. Catharine joined the D. & M. Chauncey Real Estate Co. of Brooklyn, N. Y., in which he was successively Assistant Treasurer, Secretary, Vice-President, and finally in 1935, becoming President of the company.

From the New York "Times" of Oct. we take the following:

"He was a past President of the Real Estate Boards of the State of New York, a trustee of the Brooklyn Savings Bank, member of the advisory board of the Chase National Bank, Hamilton Trust branch; a director of the Homeland Insurance Company, a director of the Home Title Guaranty Co. and a director of the Towers Hotel Corp.

"Mr. Catharine was also a director of the Brooklyn Real Estate Exchange, Ltd.; a past Vice-President of the Brooklyn Real Estate Board, a director of the Brooklyn Chamber of Commerce, a director of the Brooklyn Downtown Association, a director of Polytechnic Institute of Brooklyn, a member of the American Institute of Real Estate Appraisers, a member of the Long Island Society of Real Estate Appraisers and a member of the Real Estate Board of New York."

Arthur H. Brown, Treasurer of the Fitchburg Savings Bank of Fitchburg, Mass., and a member of the Chamber of Commerce, died on Oct. 4. Mr. Brown was also a director of the Fitchburg Mutual Life Insurance Co., and former President of the Rotary Club.

At a meeting of the directors of the National Bank of Commerce & Trust Co. of Providence, R. I., on Oct. 2, Clarence H. Rison, newly elected Treasurer of Grinnell Corp. of that city and former President of the Rhode Island Association of Credit Men, was elected to the board of the bank.

Horace K. Corbin, President of Fidelity Union Trust Co., Newark, N. J., announced on Oct. 16 following the October meeting of the board of directors, a retirement of $1,000,000 of preferred stock. The board also approved an addition to the surplus account of $1,000,000. Following the action of Oct. 16 the capital of the bank is: preferred stock, $1,000,000; common stock, $4,000,000; surplus, $9,000,000, and undivided profits, approximately $2,900,000.

Walter C. Janney, President of the investment banking firm of Janney & Co., of Philadelphia, Pa., died on Oct. 11; he was 68 years of age. In 1911 Mr. Janney joined the banking house of Montgomery, Clothier & Tyler, which became Janney & Co., with Mr. Janney at its head in 1921.

During the First World War Mr. Janney served as Executive Manager of the Liberty Loan campaigns in the Third (Philadelphia) Federal Reserve District. He held directorates in a number of companies and was Chairman of the finance committee and a trustee of the Museum of Art, a member of the board of managers of Haverford College and a director of Bryn Mawr Hospital.

At a meeting of the board of the Mellon National Bank of Pittsburgh, held on Oct. 9, H. B. Higgins, President of the Pittsburgh Plate Glass Co., was elected a director. Mr. Higgins is also President of Pittsburgh Corning Corp. and a director of the Pittsburgh Plate Glass Co., A. M. Byers Co., Montour Railroad, and a trustee of the Dollar Savings Bank. University of Pittsburgh and Elizabeth Steel Magee Hospital. Shortly after graduating from Harvard in 1904, he became associated with the Pittsburgh Plate Glass Co., where he has spent his entire business career.

J. Frank White, President of the National Bank of Washington, of Washington, D. C., announced on Oct. 3 the promotion of Salvador J. Cosimano and R. Bruce Keiner as Assistant Cashiers. Both have been with the bank 26 years.

In celebration of the 70th anniversary of the Farmers & Mechanics Savings Bank of Minneapolis, Minn., the employees and trustees of the bank held a dinner on Oct. 9. According to the Minneapolis "Journal" the principal speaker was Frank P. Bennett, Jr., of Boston, editor of the "United States Investor," financial weekly.

Coincident with the anniversary, bank officials announced that deposits went over the $100,000,000 mark shortly after the bank opened on the day of the anniversary.

William Alexander Bog, Vice-President of the Bank of Montreal, Montreal, Canada, died on Oct. 7 at the age of 81 years. The Montreal "Gazette" of Oct. 9 in reporting his death, said:

"Prominent in Montreal banking circles, Mr. Bog entered the Bank of Montreal in 1881 in his native town, Picton, Ont. He had been Vice-President of the bank since 1936 and prior to that was general manager. He was a director of the Royal Trust Co. and was on the Canadian board of the Standard Life Assurance Co. of Edinburgh, Scotland, and a trustee of the Royal Victoria Hospital."

Aldrich And Five Others Named Delegates To International Business Conference

The six delegates who are to represent the economic interests of the United States at the International Business Conference in November, have been chosen by Eliot Wadsworth, Chairman, American Section, International Chamber of Commerce; Eric A. Johnston, President, Chamber of Commerce of the United States; Robert Gaylord, President, National Association of Manufacturers, and Eugene P. Thomas, President, National Foreign Trade Council, who are jointly sponsoring the conference.

The six American delegates are:

Winthrop W. Aldrich, Chairman of the board, Chase National Bank, N. Y.

Curtis E. Calder, President, American & Foreign Power Company, Inc., New York.

Henry F. Grady, President, American President Lines, San Francisco, Calif.

Edward C. Riley, Vice-President, General Motors Corp., and General Manager of General Motors Overseas Division.

Harper Sibley, Manager, Sibley Farms, operating in Illinois, New York and California.

George W. Wolf, President, U. S. Steel Export Co., N. Y.

The six American delegates are proceeding to choose advisers and technical experts. They will deal with an agenda at the International Business Conference which already includes: Commercial policy of nations, currency relations among nations, industrialization in new areas, transportation and communication, raw materials, cartels, and encouragement and protection of investments.

The Conference has been in preparation since early this year, when the four sponsoring organizations first proposed to bring to the United States the outstanding representatives of business of the United and neutral nations of the world, to prepare the restoration and enlargement of international trade.

In prompt recognition that international trade is a major factor in long-run prosperity here and elsewhere, some 34 nations have already replied that they will each have up to six delegates here when the International Business Conference meets in the Westchester Country Club, Rye, N. Y., Nov. 10 through 18, with a concluding luncheon in New York, Nov. 20.

The organization of the Conference is in the hands of a committee representing the four sponsoring bodies. They have established a staff office for the International Business Conference at 10 Rockefeller Plaza, under the direction of Reginald Orcutt, Vice-President for Overseas, Mergenthaler Linotype Co.

Wallace Hits Wall St. On Post-War Jobs

Full post-war employment cannot be maintained by "giving the green light to Wall Street," said Vice-President Henry A. Wallace on Oct. 15 at Gary, Indiana, according to United Press dispatches from there on that day, which continued:

"That's Taftism," he told a rally sponsored by the Lake County, Ind., Democratic organization. "That reminds me of the bird who flies with his head backward, sees where he's been but doesn't know where he's going, and I suggest that bird might serve as the new symbol for the Republican Party."

He said that although 80% of the job must be done by private industry, Government funds should be used "if there is any indication of unemployment."

Charging that the job of converting to war manufacture was done by labor, Government and "certain enlightened leaders of industry" despite those who wanted to hold it back, he said:

"Industry was very patriotic, but it was also very mindful of the dollar."

Italy Supplied With Dollars Equal To Pay Of U. S. Troops And To Finance Purchases Here

Announcement that the United States is making available to the Italian Government dollars equivalent to the Italian lire issued to pay American troops in Italy, was made on Oct. 10 by President Roosevelt, who said that the dollars "will be used by the Italian Government to pay for essential civilian supplies purchased in this country for use in liberated Italy." The President also stated that "this step was taken after consultation with the British Government, which has also been providing essential civilian supplies to the Italians and will continue to provide its share of an agreed program of such supplies but under different financial arrangements."

The President's statement, as given in Washington advices to the New York "Times" follows:

"I have today approved the recommendation of the Secretaries of State, Treasury and War and of the Foreign Economic Administrator that the United States Government currently make available to the Italian Government the dollars equivalent to the Italian lire issued up to now and hereafter as pay to United States troops in Italy.

"The dollar proceeds of remittances made by individuals in this country to friends and relatives in Italy are also being made available to the Italian Government, as are the dollar proceeds of any products exported by Italy to this country.

"It has been our intention to make available to the friendly western European countries dollars equivalent to the local currency issued as pay to American troops in their territory. This policy differs from that to be applied in the case of Italy, since in the latter case it is subject to special restrictions reserved to the United States in connection with the final peace settlement.

"The dollars made available to Italy will be used by the Italian Government to pay for essential civilian supplies purchased in this country for use in liberated Italy. The United States Army has supplied substantial amounts of certain essential civilian goods, such as food, clothing and medical supplies, as a necessary part of military operations in Italy. The funds which I am now making available will enable the Italian Government, under the control of appropriate Allied authorities, to obtain in this country other essential civilian supplies and to continue to obtain essential supplies after the United States Army program ceases.

"This step has been taken after consultation with the British Government, which has also been providing essential civilian supplies to the Italians and will continue to provide its share of an agreed program of such supplies, but under different financial arrangements.

"The Fascist dictatorship which led Italy into war against the United States and the other United Nations has been overthrown. Today the Italian people are cooperating with the United Nations forces in driving the Germans from Italy. Our soldiers, sailors and airmen are welcomed and assisted by the civilian population in Italy wherever they go. Italian troops are joined with our forces at the front. And, behind the German lines, Italian partisans are heroically giving their lives in the struggle.

"It is to our interests that Italy be able to contribute as fully as possible to the winning of final victory. While the reestablishment of Italy as a free, independent and self-supporting nation must be primarily the responsibility of the Italian people themselves, it is also to our interest that the Italian people be given the opportunity to obtain and pay for the necessities they need from us if they are to be able to help themselves."

From the "Times" advices we also quote:

"Coincidentally with this announcement, the War Department said that shipments of clothing, vitamins and medical supplies for the relief of the civilian population in the liberated areas of Italy had already begun. The collection of the relief goods, it explained, is being made by American Relief for Italy, Inc.

"Shipments, the War Department added, are being made in Army ships when space is available. The warehousing and distribution are being handled by an Italian committee named by Myron C. Taylor. The shipments thus far, the War Department reported, have included 35,000 bales of salvaged clothing, 498 cases of new clothing, 1,722 cases of shoes, 3,128 cases of vitamins and food supplements and 170 cases of medical supplies."